invest in NEM, and NEM to borrow from Cogenex, up to an aggregate $9.1 million. By Commission order dated September 30, 1994 (HCAR No. 26135), the Commission authorized Cogenex to provide equity and debt funding for Cogenex-Canada and for Cogenex-Canada to borrow from third parties in amounts not to aggregate more than $20 million outstanding. These authorizations were extended from December 31, 1995 through December 31, 1997 by the Cogenex Order.

The Facility will be used: (i) to pay, reduce or renew outstanding notes payable to banks as they become due; (ii) to finance the Declarants' respective cash construction expenditures for fiscal years 1996 through 2000; (iii) to provide funds to meet certain sinking fund requirements and retirements or redemptions of outstanding securities; (iv) in the case of EUA, to make short-term loans, capital contributions and open account advances in accordance with rule 45(b)(4) or rule 52 or as previously authorized by the Commission to Cogenex, EEIC and EUA Energy; (v) to pay for the cost of issuance of New Notes and Bonds of Cogenex; (vi) to provide for debt servicing reserves or expenses in connection with the issuance of New Notes and Bonds; (vii) for the Declarants' respective working capital requirements; and (viii) for other general corporate purposes.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–31618 Filed 12–12–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–22378; 812–10354]

Renaissance Capital Growth & Income Fund III, Inc. and Renaissance Capital Group, Inc.; Notice of Application

December 6, 1996.

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

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

APPLICANTS: Renaissance Capital Growth & Income Fund III, Inc. (the ''Company'') and Renaissance Capital Group, Inc. (the ''Adviser'').

RELEVANT ACT SECTIONS: Order requested under sections 6(c) and 57(i) of the Act and rule 17d–1 thereunder permitting certain joint transactions prohibited by section 57(a)(4) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit the Company to co-invest with certain affiliated entities of the Adviser.

FILING DATES: The application was filed on September 19, 1996, and amended on November 8, 1996, and December 6, 1996. By letter dated December 6, 1996, applicants' counsel stated that an amendment, the substance of which is incorporated herein, will be filed during the notice period.

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 December 30, 1996, and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 8080 North Central Expressway, Suite 210, Dallas, Texas 75206.

FOR FURTHER INFORMATION CONTACT: Brian T. Hourihan, Senior Counsel, at (202) 942–0526, 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 from the SEC's Public Reference Branch.

Applicants' Representations

1. The Company, a Texas corporation, is a non-diversified closed-end investment company that has elected to operate as a business development company (''BDC'') under the Act. The Company's primary investment objective is to seek long-term capital appreciation through investments in ''eligible portfolio securities'' (as defined in the Act). In addition, the Company seeks to structure its investments to provide an element of current income through interest, dividends, and fees whenever feasible in light of market conditions and the cash flow characteristics of portfolio companies. The investments strategy of the Company is to invest in a diversified portfolio of companies that have the potential for rapid growth in sales, earnings, and enterprise value. The Company expects, after the completion of the initial investment phase, to maintain a portfolio of investments in 10 to 20 companies in diverse industries.

2. The Adviser is a registered investment adviser under the Investment Advisers Act of 1940 and provides investment advisory services to the Company.[1] The Adviser is responsible, subject to the supervision of the Company's board of directors, for administering the Company's business affairs. The adviser also serves as the investment adviser to Renaissance U.S. Growth & Income Trust PLC (''Renaissance PLC''), a public limited company organized under the laws of England and Wales. Applicants state that Renaissance PLC is not registered as an investment company in reliance on the exclusion from the definition of investment company in section 3(c)(1) of the Act. The adviser seeks to find investment opportunities for Renaissance PLC in smaller capitalized United States public companies with the potential for significant capital appreciation.

3. The principals of the Adviser will select investments for the Company and Renaissance PLC separately considering in each case the investment of objectives, investment position, available funds, and other pertinent factors of the particular investment fund, including applicable investment restrictions and regulatory requirements. Applicants state that the Company and Renaissance PLC frequently may invest in the same portfolio companies in proportion to their respective amounts of capital available for investment.

4. Applicants state that they would like the flexibility to co-invest with additional private and public investment funds that may or may not be located in the United States and that share a common investment adviser with the Company. Therefore, applicants request an order pursuant to sections 6(c) and 57(i) of the Act and rule 17d–1 thereunder to the extent necessary to permit the Company to co-invest with companies that are affiliated with the Adviser, including Renaissance PLC (each an ''Adviser Affiliate'').

[1] The Adviser also serves as the investment adviser to two other registered BDCs (Renaissance Capital Partners I, Ltd., and Renaissance Capital Partners II, Ltd.) which were fully invested and not actively pursuing investment opportunities.

Applicants' Legal Analysis

1. Section 57(a)(4) of the Act prohibits certain affiliated persons from participating in a joint transaction with a BDC in contravention of rules as prescribed by the SEC. Section 57(b)(2) provides that any investment adviser, any person directly or indirectly under common control with a BDC, or any person who is, within the meaning of section 2(a)(3) (C) or (D), an affiliated person of any such person shall be subject to section 57(a)(4). Under section 2(a)(3)(C), an affiliated person of another person includes any person directly or indirectly controlled by such person.

2. Section 57(i) of the Act provides that, until the SEC adopts rules and regulations under subsections (a) and (d) of section 57, the rules and regulations under sections 17(a) and 17(d) of the Act applicable to registered closed-end investment companies shall be deemed to apply to sections 57(a) and 57(d). Because the SEC has not adopted any rules under section 57(a)(4), rule 17d–1 applies.

3. Rule 17d–1, promulgated under section 17(d) of the Act, prohibits affiliated persons of an investment company from participating in joint transactions with the company unless the SEC has granted an order permitting such transactions. In passing on applications under rule 17d–1, the SEC considers whether the company's participation in the joint transactions is consistent with the provisions, policies, and purposes of the Act and the extent to which such participation is on a basis different from or less advantageous than that of other participants.

4. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act 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.

5. Because Renaissance PLC and other Adviser Affiliates may be deemed to be subject to section 57(a)(4) of the Act, investments by the Company in a portfolio company in which an Adviser Affiliate, including Renaissance PLC, also invests may be subject to section 57(a)(4) and prohibited absent an order under rule 17d–1 under the Act.

6. Applicants state that the obligations imposed on the Company's independent directors who are not ''interested persons'' as defined under section 2(a)(19) of the Act (''Independent Directors'') provide significant protection to investors against possible conflicts of interest in co-investments between the Company and Adviser Affiliates, including Renaissance PLC. Applicants believe that the conditions relating to the terms on which co-investments may be made as set forth in the application are consistent with the policies underlying the Act. Applicants also believe that the requested relief is consistent with the standards enumerated in section 6(c).

Applicants' Conditions

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

1. (a) To the extent that the Company is considering new investments, the Adviser will review investment opportunities on behalf of the Company, including investments being considered on behalf of any Adviser Affiliate. The Adviser will determine whether an investment being considered on behalf of an Adviser Affiliate (''Adviser Affiliate Investment'') is eligible for investment by the Company.

(b) If the Adviser deems an Adviser Affiliate Investment eligible for the Company (a ''co-investment opportunity''), the Adviser will determine what it considers to be an appropriate amount that the Company should invest. When the aggregate amount recommended for the Company and that sought by an Adviser Affiliate exceeds the amount of the co-investment opportunity, the amount invested by the Company shall be based on the ratio of the net assets of the company to the aggregate net assets of the Company and the Adviser Affiliate seeking to make the investment.

(c) Following the making of the determinations referred to in (a) and (b), the Adviser will distribute written information concerning all co-investment opportunities to the Company's Independent Directors. Such information will include the amount the Adviser Affiliate proposes to invest.

(d) Information regarding the Adviser's preliminary determinations will be reviewed by the Company's Independent Directors. The Company will co-invest with an Adviser Affiliate, only if a required majority (as defined in section 57(o) of the Act) (''Required Majority'') of the Company's Independent Directors conclude, prior to the acquisition of the investment, that:

(i) the terms of the transaction, including the consideration to be paid, are reasonable and fair to the shareholders of the Company and do not involve overreaching of the Company or such shareholders on the part of any person concerned;

(ii) the transaction is consistent with the interests of the shareholders of the Company and is consistent with the Company's investment objectives and policies as recited in filings made by the Company under the Securities Act of 1933, as amended, its registration statement and reports filed under the Securities Exchange Act of 1934, as amended, and its reports to shareholders;

(iii) the investment by the Adviser Affiliate would not disadvantage the Company, and that participation by the Company would not be on a basis different from or less advantageous than that of the Adviser Affiliate; and

(iv) the proposed investment by the Company will not benefit the Adviser or any affiliate entity thereof, other than the Adviser Affiliate making the co-investment, except to the extent permitted pursuant to sections 17(e) and 57(k) of the Act.

(e) The Company has the right to decline to participate in the co-investment opportunity or purchase less than its full allocation.

2. The Company will not make an investment for its portfolio if any Adviser Affiliate, the Adviser, or a person controlling, controlled by, or under common control with the Adviser is an existing investor in such issuer, with the exception of a follow-on investment that complies with condition number 5.

3. For any purchase of securities by the Company in which an Adviser Affiliate is a joint participant, the terms, conditions, price, class of securities, settlement date, and registration rights shall be the same for the company and the Adviser Affiliate.

4. If an Adviser Affiliate elects to sell, exchange, or otherwise dispose of an interest in a security that is also held by the company, the Adviser will notify the company of the proposed disposition at the earliest practical time and the Company will be given the opportunity to participate in such disposition on a proportionate basis, at the same price and on the same terms and conditions as those applicable to the Adviser Affiliate. The Adviser will formulate a recommendation as to participation by the Company in such a disposition, and provide a written recommendation to the Company's Independent Directors. The Company will participate in such disposition to the extent that a Required Majority of its Independent Directors determine that it is in the Company's best interest. Each of the Company and the Adviser Affiliate will bear its own

expenses associated with any such disposition of a portfolio security.

5. If an Adviser Affiliate desires to make a ''follow-on'' investment (*i.e.*, an additional investment in the same entity) in a portfolio company whose securities are held by the Company or to exercise warrants or other rights to purchase securities of such an issuer, the Adviser will notify the Company of the proposed transaction at the earliest practical time. The Adviser will formulate a recommendation as to the proposed participation by the Company in a follow-on investment and provide the recommendation to the Company's Independent Directors along with notice of the total amount of the follow-on investment. The Company's Independent Directors will make their own determination with respect to follow-on investments. To the extent that the amount of a follow-on investment opportunity is not based on the amount of the company's and the Adviser Affiliate's initial investments, the relative amount of investment by the Adviser Affiliate and the Company will be based on the ratio of the company's remaining funds available for investment to the aggregate of the Company's and the Adviser Affiliate's remaining funds available for investment. The company will participate in such investment to the extent that a Required Majority of its Independent Directors determine that it is in the company's best interest. The acquisition of follow-on investments as permitted by this condition will be subject to the other conditions set forth in the application.

6. The Company's Independent Directors will review quarterly all information concerning co-investment opportunities during the preceding quarter to determine whether the conditions set forth in the application were complied with.

7. The Company will maintain the records required by section 57(f)(3) of the Act as if each of the investments permitted under these conditions were approved by the Company's Independent Directors under section 57(f).

8. No Independent Director of the Company will be a director or general partner of any Adviser Affiliate with which the Company co-invests.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–31614 Filed 12–12–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–38024; File No. SR–Amex-96–47]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the American Stock Exchange, Inc. Relating to a Pilot Program for Execution of Odd-Lot Orders

December 6, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on December 2, 1996, the American Stock Exchange, Inc. (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

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

The Exchange proposes to extend until February 10, 1997 its existing pilot program under Amex Rule 205 requiring execution of odd-lot market orders at the prevailing Amex quote with no differential charged.[2]

The text of the proposed rule change is available at the Office of the Secretary, the Amex, and at the Commission.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

[2] The Exchange seeks accelerated approval of the proposed rule change in order to allow the pilot program, which expires on December 6, 1996, to continue without interruption.

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

1. Purpose

The Commission has approved, on a pilot basis extending to December 6, 1996, amendments to Amex Rule 205 to require execution of odd-lot market orders at the Amex quote with no odd-lot differential charged.[3] The procedures were initially approved by the Commission in 1989 [4] and were most recently extended in February 1996.[5]

In approving prior extensions to the Exchange's odd-lot pilot program, the Commission has expressed interest in the feasibility of the Exchange utilizing the Intermarket Trading System (''ITS'') best bid or offer, rather than the Amex bid or offer, for purposes of the Exchange's off-lot pricing system. In File No. SR–Amex-95–03, requesting a further extension of the pilot program, the Exchange stated that it had determined to proceed with systems modifications to provide for execution of odd-lot market orders at the ITS best bid or offer.[6]

The Commission has approved amendments to Amex Rule 205 to accommodate the prospective modifications to the Exchange's odd-lot pricing system.[7] Specifically, amended Amex Rule 205 would provide that odd-lot market orders to buy or sell would be filled at the ''adjusted ITS offer'' or ''adjusted ITS bid,'' respectively, which

[3] Securities Exchange Act Release No. 35344 (Feb. 8, 1995), 60 FR 8430 (approving File No. SR–Amex-95–03).

[4] Securities Exchange Act Release No. 26445 (Jan. 10, 1989), 54 FR 2248 (approving File No. SR–Amex-88–23).

[5] *See* Securities Exchange Act Release No. 37462 (July 19, 1996), 61 FR 39170 (approving File No. SR–Amex-96–25). Prior to that release, the Commission had extended this pilot program twelve times. *See* Securities Exchange Act Release Nos. 36821 (Feb. 8, 1996), 61 FR 6050 (approving File No. SR–Amex-96–06); 35344 (Feb. 8, 1995), 60 FR 8430 (approving File No. SR–Amex-95–03); 34949 (Nov. 8, 1994), 59 FR 58863 (approving File No. SR–Amex-94–47); 34496 (Aug. 8, 1994), 59 FR 41807 (approving File No. SR–Amex-94–28); 33584 (Feb. 7, 1994), 59 FR 6983 (approving File No. SR–Amex-93–45); 32726 (Aug. 9, 1993), 58 FR 43394 (approving File No. SR–Amex93–24); 31828 (Feb. 5, 1993), 58 FR 8434 (approving File No. SR–Amex93–060; 30305 (Jan. 20, 1992(, 57 FR 4653 (approving File no. SR–Amex—92–04); 29922 (Nov. 8, 1991), 56 FR 58409 (approving File No. SR–Amex-91–30); 29186 (May 19, 1991), 56 FR 22488 (approving File No. SR–Amex-91–09); 28758 (Jan. 10, 1991), 56 FR 1656 (approving File No. SR–Amex-90–39); and 27590 (Jan. 5, 1990), 55 FR 1123 (approving File No. SR–Amex-89–31).

[6] *See* Securities Exchange Act Release No. 35344 (Feb. 8, 1995), 60 FR 8430 (approving File No. SR–Amex-95–03).

[7] *See* Securities Exchange Act Release No. 36181 (Sept. 1, 1995), 60 FR 47194 (approving File No. SR–Amex-95–24).