are members of a national securities exchange. The time needed for investment companies to comply with the requirements of the form is approximately nine minutes annually.

Form N–17f–2 is the coversheet for account examination certificates filed pursuant to rule 17f–2 under the 1940 Act by management investment companies maintaining custody of securities or other investments. The time needed for investment companies to comply with the requirements of the form is approximately nine minutes annually.

Form ADV–E is the coversheet for accountant examination certificates filed pursuant to rule 206(4)–2 under the Investment Advisers Act by investment advisers retaining custody of client securities or funds. Registrants each spend approximately three minutes annually to comply with the requirements of the form.

Rule 30b2–1 requires the filing of four copies of every periodic or interim report transmitted by or on behalf of any registered investment company to its shareholders. The annual burden of filing the reports is estimated to be negligible.

General comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, D.C. 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: May 19, 1997.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13806 Filed 5–23–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Rel. No. 22670; 812–10056]

Eaton Vance Management, et al.; Notice of Application

May 19, 1997.

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

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

APLLICANTS: Eaton Vance Management, Eaton Vance Distributors, Inc. (collectively, ''Eaton Vance''), Boston Management and Research (''BMR''), Eaton Vance Prime Rate Reserves (''Prime Rate''), EV Classic Senior Floating-Rate Fund (''Classic Senior''), and Senior Debt Portfolio (the ''Portfolio''). Prime Rate and Classic Senior collectively are referred to as the ''Funds.''

RELEVANT ACT SECTIONS: Order requested under sections 6(c) and 23(c) of the Act for an exemption from certain provisions of rule 23c–3.

SUMMARY OF APPLICATION: Applicants seek an order to permit certain closed-end investment companies to make rotating, monthly tender offers and impose early withdrawal charges (''EWCs'').

FILING DATES: The application was filed on March 25, 1996, and amended on October 21, 1996. Applicants have agreed to file an additional amendment, the substance of which is incorporated herein, 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 June 13, 1997, 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 who wish to be notified of a hearing 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. Applicants: (except the Portfolio) 24 Federal Street, Boston, MA 02110; the Portfolio, c/o IBT Trust Company (Cayman), Ltd., The Bank of Nova Scotia Building, P.O. Box 501, Georgetown, Grand Cayman, Cayman Islands, BWI.

FOR FURTHER INFORMATION CONTACT: Christine Y. Greenlees, Branch Chief, at (202) 942–0564, or Elizabeth G. Osterman, Assistant Director, 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 is available for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. The Funds and the Portfolio are registered closed-end management investment companies. Eaton Vance serves as principal underwriter, investment adviser, and/or administrator for the Funds. BMR, a wholly-owned subsidiary of Eaton Vance Management, serves as investment adviser to the Portfolio. Applicants request that the order apply to any registered closed-end investment company for which Eaton Vance, BMR, or any entity controlling, controlled by, or under common control with Eaton Vance acts as principal underwriter, investment adviser, or administrator. Each investment company that presently intends to rely on the requested relief is named as an applicant.

2. The Funds invest all of their investable assets in ''interests'' of the Portfolio pursuant to a master-feeder investment structure.[1] Through their investment in the Portfolio, all three feeder funds invest in senior secured floating rate loans. The Portfolio invests at least 80 percent of its total assets in senior secured floating rate loans under normal circumstances. Up to 20 percent of the Portfolio's assets may be held in cash, and invested in investment grade short-term debt obligations and interests in unsecured loans.

3. Investment management and custodial activities are performed, and associated expenses are incurred, at the master fund level. The feeder funds share in these expenses in proportion to their respective interests in the master fund. Administration, distribution, and shareholder servicing activities are performed, and related expenses are incurred, at the feeder fund level. Such expenses vary among the feeder funds.

4. The Funds continuously offer their shares to the public at net asset value. There is no secondary market for shares of the Funds. The Funds' trustees consider, with the expectation of adopting, quarterly repurchase offers to shareholders under section 23(c)(2) of the Act. The Funds obtain cash to consummate repurchase offers through quarterly offers by the Portfolio to repurchase interests held by the Funds in the Portfolio. Those repurchases are made at net asset value of the interests on the expiration date of the Portfolio's repurchase offer. Each Fund uses the proceeds from the interests that it tenders to the Portfolio to purchase shares tendered by its shareholders at net asset value on the Portfolio's

[1] A third feeder fund, EV Medallion Senior-Floating Rate Fund, offers shares to foreign investors outside the United States.

repurchase offer's expiration date (less any EWC).[2]

5. The Funds impose EWCs on shares accepted for repurchase that have been held for less than a certain period of time. The EWCs are paid to Eaton Vance Distributions, Inc. to allow it to recover a portion of its distribution expenses. Applicants state that are EWCs also are intended to discourage investors from purchasing Fund shares and quickly redeeming them in tender offers. Prime Rate's EWC varies from three percent of the value of the shares accepted for repurchase (for shares held less than one year) to zero (for shares held more than five years). Classic Senior imposes an EWC of one percent of the value of shares accepted for repurchase held less than one year.

6. Classic Senior also pays service fees pursuant to a plan (the ''Service Plan'') that is designed to meet the requirements of the National Association of Securities Dealers (''NASD'') Conduct Rule 2830(d) as if Classic Senior were an open-end investment company.[3] Under the Service Plan, Classic Senior may make service fee payments in amounts not to exceed .25% of its average daily net assets for any fiscal year. Classic Senior's trustees have implemented the Service Plan by authorizing Classic Senior to make quarterly payments to Eaton Vance Distributors, Inc. and other authorized firms in amounts not expected to exceed .15% of Classic Senior's average daily net assets for any fiscal year.

7. The Funds offer their shareholders an exchange option whereby shareholders tendering shares may use proceeds from their shares to invest in certain Eaton Vance open-end investment companies without incurring the EWC they would have paid had they received cash for their tendered shares.[4] Any exchange option will comply with rule 11a–3 under the Act as if the Funds were open-end investment companies subject to such rule. Applicants believe that the exchange option is consistent with rule 23c–3 under the Act.

8. Applicants propose to convert the Funds and the Portfolio to ''interval funds'' as provided in rule 23c–3 under the Act and to organize additional interval funds in the future. The Funds and the Portfolio expect to continue operating in a master-feeder structure after conversion to interval fund status. The Funds would continue to make quarterly repurchase offers to their shareholders at net asset value, using the cash proceeds of interests they tender to the Portfolio. Applicants propose, however, that the Portfolio would make separate, quarterly tender offers to each feeder fund on a rotating basis, with each of the feeder funds receiving a tender offer once a quarter.

9. The Portfolio would offer to purchase an identical percentage of the interests held by each feeder fund during each quarter. The Portfolio's board would determine the applicable percentage in advance of the upcoming quarter such that the first feeder fund making a tender offer in that quarter would be able to notify its shareholders of the repurchase offer amount no less than twenty-one days before the repurchase request deadline for that tender offer.

10. If Eaton Vance creates additional feeder funds, such funds would be assigned a tender offer schedule corresponding with the tender offer schedule for one of the three existing feeder funds. Each new feeder fund would be assigned a tender offer schedule so as to most effectively balance the size of the Portfolio's monthly tender offers. In all events, there would remain three dates in each quarter (one in each month of the quarter) on which the Portfolio would make tender offers.

11. Each feeder fund would make a tender offer to all of its shareholders during the month in which the Portfolio makes a tender offer to it, using the cash obtained from interests purchased by the Portfolio to purchase shares tendered by its shareholders. All shareholders in a particular feeder fund would receive a tender offer at the same time, and under the same terms, as all of the other shareholders in that feeder fund.

12. Consistent with rule 23c–3(b)(5), if shareholders in a feeder fund tendered more than the repurchase offer amount, the feeder fund could repurchase shares beyond the repurchase offer amount. To obtain the cash necessary for the increased repurchase, the feeder fund could request that the Portfolio agree to repurchase up to an additional two percent of the outstanding interests in the Portfolio. To ensure equal treatment of the feeder funds, if the Portfolio agreed to purchase a certain percentage of additional interests from one feeder fund, it would agree to maintain sufficient liquid assets to purchase an equal percentage of additional interests from any other feeder fund making such a request during the succeeding two tender offers. If a repurchase offer were oversubscribed, the Portfolio and/or feeder funds would repurchase the tendered interests or shares on a *pro rata* basis.

13. Under applicants' master-feeder structure, responsibility for each requirement of rule 23c–3 would be allocated to the Portfolio, the feeder funds, or both, as appropriate. Liquidity and portfolio monitoring functions would be performed at the master fund level. The Portfolio's board of trustees would, pursuant to rule 23c–3(b)(10)(iii), adopt procedures reasonably designed to ensure that the Portfolio has liquid assets sufficient to comply with its fundamental policy to make repurchase offers to the feeder funds and satisfy the liquidity requirements of the rule. The boards of the feeder funds would oversee the Portfolio's board's administration of rule 23c–3's liquidity requirements.

14. Notification and filing requirements would be performed at the feeder fund level. The feeder funds would provide notice to their shareholders about upcoming repurchase offers and suspensions or postponements of repurchase offers in accordance with rule 23c–3(b)(4), and would file such notices with the SEC as required by the rule.[5] The feeder funds would comply with the requirements of rule 23c–3(b)(11) related to advertisements and sales literature. Because the Portfolio does not issue

[2] To make tender offers while engaging in a continuous offering of its shares under rule 415 under the Securities Act of 1933 (''Securities Act''), each Fund received an exemption from rule 10b–6 under the Securities Exchange Act of 1934 (''Exchange Act'') that prohibited participants in a distribution of securities from contemporaneously buying securities of the same class being distributed. *See* Eaton Vance Prime Rate Reserves (pub. avail. July 20, 1989); EV Classic Senior Floating-Rate Fund (pub. avail. Apr. 13, 1995). On March 4, 1997, the SEC adopted Regulation M, which, among other things, replaces rule 10b–6. If the requested relief is granted, applicants will rely on the exception for interval funds provided by rule 102 of Regulation M.

[3] Neither the Portfolio nor either of the Funds imposes distribution fees similar to those charged by open-end investment companies under rule 12b–1 under the Act.

[4] The Funds offer the exchange option pursuant to exemptions from the best price provisions of rule 13e–4(f)(8)(ii) under the Exchange Act. *See* Eaton Vance Prime Rate Reserves (pub. avail. Jan. 15, 1993); EV Classic Senior Floating-Rate Fund (pub. avail. Apr. 13, 1995). The Funds expect to continue offering an exchange option if the requested relief is granted, although they will no longer rely on these exemptions. Rather, they intend to rely on the exemption from rule 13e–4 provided for interval funds.

[5] Applicants submit that no purpose would be served by requiring the Portfolio to duplicate the feeder funds' notice to public shareholders regarding upcoming repurchase offers. Applicants state that the Portfolio would, however, provide notice to the feeder funds regarding the repurchase offer amount sufficiently in advance of tender offers by the feeder funds to allow the feeder funds to comply with rule 23c–3(b)(4)'s shareholder notice requirements.

shares to the public, rule 23c–3(b)(11) does not apply to the Portfolio.

15. Both the Portfolio and the feeder funds would comply with the majority of the requirements of rule 23c–3, including the rule's requirements related to pricing, adoption of fundamental policy to make periodic repurchase offers, suspension of purchase offers, repurchase of more than repurchase amount, withdrawal of repurchase requests, composition of board of trustees, senior securities, and debt obligations.

Applicants' Legal Analysis

1. Applicants request an order pursuant to sections 6(c) and 23(c) of the Act exempting them from certain provisions of rule 23c–3 under the Act to the extent necessary to: (a) Permit the Portfolio to make rotating, monthly tender offers to one feeder fund at a time; and (b) permit the Funds to impose EWCs.

2. Section 23(c) provides in relevant part that no registered closed-end investment company shall purchase any securities of any class of which it is the issue except: (a) On a securities exchange or other open market; (b) purchase to tenders, after reasonable opportunity to submit tenders given to all holders of securities of the class to be purchased; or (c) under other circumstances as the SEC may permit by rules and regulations or orders for the protection of investors. The Funds currently repurchase their shares pursuant to section 23(c)(2).

3. Rule 23c–3 permits a registered closed-end investment company (an ''interval fund'') to make repurchase offers of between five and twenty-five percent of its outstanding shares at net asset value to shareholders at periodic intervals pursuant to a fundamental policy of the investment company. An interval fund may not suspend or postpone a repurchase offer except by vote of the fund's directors/trustees, and then only under limited circumstances.

4. Applicants believe that conversion to interval fund status would benefit shareholders for several reasons. First, each interval fund would be required to adopt as a fundamental policy a commitment to its shareholders to make periodic repurchase offers. Currently, neither the Funds nor the Portfolio have adopted such policies. Second, applicants believe that shareholders would benefit from cost savings to the Funds created by exemptions from tender offer rules under the Exchange Act for periodic tender offers made pursuant to rule 23c–3. Applicants also believe that the Funds would benefit from rule 486 under the Securities Act, which permits certain post-effective registration statements filed by interval funds to become effective immediately.

5. Under rule 23c–3(b), interval funds are required to make repurchases from their shareholders ''at periodic intervals, pursuant to repurchase offers made to all holders of the stock.'' ''Periodic interval'' is defined in rule 23c–3(a)(1) as an interval of three, six, or twelve months. Applicants request relief from the requirements of rule 23c–3(b) to permit the Portfolio to make quarterly tender offers on a rotating basis to one of the three feeder funds during each month within a quarter, with each of the feeder funds receiving a tender offer once each quarter. Applicants request relief to the extent that such rotating tender offers may be deemed inconsistent with rule 23c–3(b)'s requirements that: (a) Repurchase offers made by interval funds be made to all holders of the fund's shares; and (b) repurchase offers be made at intervals of three, six, or twelve months.

6. Applicants believe that the use of staggered tender offers would permit the Portfolio to satisfy the liquidity requirements of rule 23c–3 while holding liquid assets that constitute a lower percentage of the Portfolio's total assets than would be required for a tender offer to all feeder funds at once. Applicants argue that, by tendering to the feeder funds on a cyclical basis, rather than all at once, the Portfolio would realize substantial cost savings. Applicants also believe that the staggered tender offers may enable the Portfolio to make larger tender offers to the Funds, thereby enabling the Funds to make larger tender offers to their shareholders.

7. Rule 23c–3(b) requires that periodic repurchase offers be made ''to all holders of the stock.'' Separate, monthly tender offers by the Portfolio to each feeder fund could be construed to be inconsistent with this requirement because, in any given month, the Portfolio would make a tender offer to one, rather than all, feeder funds. Applicants believe, however, that staggered tender offers would not implicate the abusive practices to which the ''all holders'' requirement is addressed. Applicants cite the adopting release for rule 23c–3, which provides that the all holders requirement ''is intended to protect against unfair discrimination.'' [6] According to applicants, rule 23c–3's all holders requirement is substantially similar to the all holder requirement in section 23(c)(2). Applicants argue that the legislative purpose of that provision was to ''insure fair treatment of all security holders'' in connection with tender offers by investment companies.[7] Applicants submit that all feeder funds (and all shareholders of the feeder funds) would be treated alike in that they would receive a quarterly tender offer on the same terms, *i.e.*, at net asset value. Applicants believe that the fact that one feeder fund would receive a tender in a month different from another feeder fund within the same quarter is not the unfair discrimination at which the all holders requirement is directed.

8. If the Funds and the Portfolio became interval funds, they could postpone or suspend a tender offer only under one of the extraordinary circumstances set forth in rule 23c–3(b)(3), and then only pursuant to a majority vote of the board of trustees. Applicants state that this requirement would preclude the Portfolio's board from unfairly discriminating among the feeder funds by making a tender offer to less than all of the funds in a given quarter.

9. Because rule 23c–3(b)(1) would require the Portfolio to purchase interests tendered at the Portfolio's net asset value as of the repurchase pricing date, applicants believe that there would not be any discrimination in the method by which the Portfolio calculates the price paid to the feeder funds for the interests tendered. In addition, applicants argue that, because the Portfolio invests in senior secured loan interests that are unlikely to materially fluctuate in value, the net asset value paid to one feeder fund would not vary substantially from that paid to another feeder.

10. The Portfolio's monthly tenders may be construed to be prohibited by rule 23c–3(b)'s requirement that repurchase offers be made at periodic intervals, as defined in rule 23c–3(a)(1). Applicants state that, according to the adopting release for rule 23c–3, shorter intervals were not considered compatible with the notification requirements of the rule.[8] Applicants believe that the concern was that a fund could be forced to notify shareholders of the repurchase offer amount for an upcoming tender offer before knowing the amount of shares tendered in the prior tender offer. This would cause a fund to commit to a repurchase amount for the next tender offer and possibly incur an obligation to maintain a high

[6] Investment Company Act Release No. 19399, Section II.A.1.b.2 (Apr. 7, 1993).

[7] S. Rep. No. 1775, 76th Cong., 3d Sess. (1940) at 16; H.R. Rep. No. 2639, 76th Cong., 3d Sess. (1940) at 21.

[8] Investment Company Act Release No. 19399, Section II.A.4.

level of liquid assets due to the rule's liquidity requirements, while unaware of the number of shares tendered in the current repurchase offer and the resulting decrease in liquid assets.

11. Applicants state that, because the Portfolio would determine the repurchase offer amount at the beginning of each quarter, information about the number of shares tendered in the previous offer is not material. In addition, because staggered tender offers would permit the Portfolio to maintain fewer liquid assets than it would otherwise be required to maintain, applicants believe that maintaining liquid assets sufficient for two tender offers in a quarter would not unduly burden the Portfolio.

12. Rule 23c–3(b)(1) provides that an interval fund may deduct from repurchase proceeds only a repurchase fee, not to exceed two percent of the proceeds, that is reasonably intended to compensate the fund for expenses directly related to the repurchase. Applicants request relief from this provision to the extent that it would prohibit the imposition of an EWC on tendered shares that have been held for less than a specified period.

13. Applicants note that, in the release adopting rule 23c–3, the SEC stated that ''consideration [regarding the use of contingent deferred sales loads by closed-end interval funds] may be appropriate after the [SEC] considers whether to adopt proposed rule 6c–10.'' Rule 6c–10 was adopted on February 23, 1995,[9] and applicants have agreed as a condition to any relief granted that they will comply with rule 6c–10 under the Act as if such rule were applicable to them. The Funds also will comply with the NASD Conduct Rule's limits on service fees.

14. Applicants believe that EWCs may be necessary for its distributor to recover distribution costs from shareholders who redeem early. In addition, EWCs may create a disincentive for shareholders to engage in frequent trading, which applicants believe imposes costs on shareholders.

15. Section 6(c) provides that the SEC may exempt any person, security, or transaction from my 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. Applicants believe that the requested relief meets this standard.

Applicants' Conditions

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

1. The Portfolio will offer to repurchase an identical percentage of the interests held by each feeder fund during each quarter.

2. The determination of the percentage in condition 1 will be made by the Portfolio's board in time for the first feeder fund to make a tender offer in the upcoming quarter to notify its shareholders of the repurchase offer amount no less than 21 days before the repurchase request deadline for that tender offer.

3. If the Portfolio agrees to purchase from a feeder fund a percentage of shares in addition to the repurchase offer amount pursuant to rule 23c–3(b)(5), it will agree to maintain liquid assets sufficient to repurchase the same percentage of additional shares from all feeder funds requesting the purchase of additional shares during the succeeding two tender offers.

4. Any feeder fund imposing an EWC will comply with rule 6c–10 under the Act as if such rule were applicable. Any feeder fund imposing a service fee will comply with the National Association of Securities Dealers Conduct Rule 2830(d) as if such rule were applicable.

5. Any fund operating under relief granted through the application will maintain an investment policy that requires, under normal conditions, that at least 65 percent of the value of its total assets will be invested in senior secured floating-rate loan interests.

6. The boards of the feeder funds and the Portfolio will review annually the repurchase offer procedures set forth in the application to ensure that no feeder fund is being disadvantaged as a result of such procedures.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13694 Filed 5–23–97; 8:45 am]

BILLING CODE 8010–01–M

[9] Investment Company Act Release No. 20916 (Feb. 23, 1995). Rule 6c–10 permits open-end funds to charge contingent deferred sales loads, subject to certain requirements for calculating those changes and a uniform treatment requirement.

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22669; 812–10410]

Masters' Select Investment Trust et al.; Notice of Application

May 19, 1997.

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

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

APPLICANTS: Masters' Select Investment Trust (the ''Trust''), each open-end management investment company advised by, or in the future advised by Litman/Gregory Fund Advisors, LLC (''Litman/Gregory'') (collectively with the Trust, the ''Funds''), and Litman/Gregory.

RELEVANT ACT SECTIONS: Exemption requested under section 6(c) of the Act from section 15(a) and rule 18f–2 thereunder, and from certain disclosure requirements set forth in item 22 of Schedule 14A under the Securities Exchange Act of 1934 (the ''Exchange Act''); items 2, 5(b)(iii), and 16(a)(iii) of Form N–1A; item 3 of Form N–14; item 48 of Form N–SAR; and sections 6–07(2)(a), (b), and (c) of Regulation S–X.

SUMMARY OF APPLICATION: Applicants seek an order permitting Litman/Gregory, as investment adviser to certain portfolios of the Funds, to enter into and modify sub-advisory contracts without obtaining shareholder approval, and permitting the Funds to disclose only the aggregate sub-advisory fee for each portfolio in their prospectuses and other reports.

FILING DATES: The application was filed on October 18, 1996, and amended on January 29, 1997, and March 19, 1997.

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 June 12, 1997, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicants, 4 Orinda Way, Suite 230–D, Orinda, CA 94563.

FOR FURTHER INFORMATION CONTACT: Brian T. Houihan, Senior Counsel, at (202) 942–0526, or Mercer E. Bullard, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the