RAILROAD RETIREMENT BOARD

Proposed Collection; Comment Request

SUMMARY: In accordance with the requirement of Section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995 which provides opportunity for public comment on new or revised data collections, the Railroad Retirement Board (RRB) will publish periodic summaries of proposed data collections.

Comments are invited on: (a) Whether the proposed information collection is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the RRB's estimate of the burden of the collection of the information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden related to the collection of information on respondents, including the use of automated collection techniques or other forms of information technology.

Title and purpose of information collection: Statement of Claimant or other Person; OMB 3220–0183 To support an application for an annuity under Section 2 of the Railroad Retirement Act (RRA) or for unemployment benefits under Section 2 of the Railroad Unemployment Insurance Act (RUIA), pertinent information and proofs must be furnish for the RRB to determine benefit entitlement. Circumstances may require an applicant or other person(s) having knowledge of facts relevant to the applicant's eligibility for an annuity or benefits to provide written statements supplementing or changing statements previously provided by the applicant. Under the railroad retirement program these statements may relate to changes in annuity beginning date(s), dates for marriage(s), birth(s), prior railroad or non-railroad employment, an applicants request for reconsideration of an unfavorable RRB eligibility determination for an annuity or various other matters. The statements may also be used by the RRB to secure a variety of information needed to determine eligibility to unemployment and sickness benefits. Procedures related to providing information needed for RRA annuity or RUIA benefit eligibility determinations are prescribed in 20 CFR 217 and 320 respectively.

The RRB utilizes Form G–93, *Statement of Claimant or Other Person* to obtain the supplemental or corrective information from applicants or other persons needed to determine applicant eligibility for an RRA annuity or RUIA benefits.

The RRB proposes to add an item that requests the applicant's railroad retirement annuity claim number, if it is different from their social security number. A minor editorial change to Form G–93 to incorporate language required by the Paperwork Reduction Act of 1995 is also being proposed. The completion time for Form G–93 is estimated at 15 minutes per response. The RRB estimates that approximately 900 Form G–93's are received annually. Completion is voluntary. One response is requested of each respondent.

ADDITIONAL INFORMATION OR COMMENTS: To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751–3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611–2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 97–19193 Filed 7–21–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22757; 813–148]

PW Masters Fund, L.P.; Notice of Application

July 16, 1997.

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

ACTION: Notice of Application for Exemption Under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: PW Masters Fund, L.P. (the ''Initial Partnership'').

RELEVANT ACT SECTION: Applicant seeks an order under section 6(b) and 6(e) granting an exemption from all provisions of the Act except sections 9, 17, (except for certain provisions of sections 17(a), (d), (f), (g), and (j) as described in the application), 30 (except for certain provisions of sections 30(a), (b), (e), and (h) as described in the application), and 36 through 53, and the rules and regulations thereunder.

SUMMARY OF APPLICATION: Applicant seeks an order on behalf of itself and subsequent partnerships to be formed by PaineWebber Inc. (''PaineWebber'') that will be identical in all material respects to the Initial Partnership (the ''Subsequent Partnerships'' and together, the ''Partnerships'') that would grant an exemption from most provisions of the Act and would permit certain affiliated and joint transactions. Each Partnership will be an employees' securities company within the meaning of section 2(a)(13) of the Act.

FILING DATES: The application was filed on March 29, 1996, and amended on September 27, 1996, May 8, 1997, and July 2, 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 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 August 11, 1997, and should be accompanied by proof of service on 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicant, c/o PaineWebber Incorporated, 1285 Avenue of the Americas, 14th Floor, New York, N.Y. 10019

FOR FURTHER INFORMATION CONTACT: Suzanne Krudys, Senior Counsel, at (202) 942–0641, or Mercer E. Bullard, Branch Chief, (202) 942–0564 (Office of Investment Company Regulation, Division of Investment Management).

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. The Initial Partnership is a limited partnership organized under Delaware law. Subsequent Partnerships will be general or limited partnerships organized under state law and established from time to time by PaineWebber. The general partner of the Initial Partnership is PaineWebber Futures Management Corp. (the ''General Partner''), a Delaware corporation and a subsidiary of PaineWebber Group, Inc. (''PaineWebber Group''), which is a financial services holding company whose shares are publicly traded on the New York Stock Exchange. The general partner of Subsequent Partnerships may

be an entity directly or indirectly controlled by PaineWebber Group or any of its divisions or subsidiaries. PaineWebber, a registered investment adviser under the Investment Advisers Act of 1940, will serve as investment manager to the Initial Partnership. PaineWebber is a Delaware corporation and a subsidiary of PaineWebber Group.

2. The Initial Partnership is an investment partnership established to enable employees of PaineWebber to pool their investment resources and to receive the benefit of certain investment opportunities that, because of substantial minimum purchase requirements, limited availability or otherwise, may not be available to an individual investor. The pooling of resources would permit diversification by, among other things, overcoming high minimum investment requirements, and participation in investment private partnerships that usually would not be offered to them as individual investors. The purpose of the Partnership is to reward and retain key personnel of PaineWebber Group or its divisions or subsidiaries.

3. No Partnership will acquire any security issued by a registered investment company if immediately after such acquisition (i) the Partnership would own more than 3% of the outstanding voting stock of the registered investment company or (ii) more than 15% of the Partnership's assets would be invested in securities issued by registered investment companies, with the exception of temporary investments in money market funds. None of the Partnerships will make loans to its general partner, PaineWebber or any officer, director, employee or other affiliate of the General Partner or PaineWebber.

4. The partnership agreement will provide that the Initial Partnership may be dissolved at any time by the General Partner in its sole discretion. In addition, the retirement, bankruptcy or dissolution of the General Partner shall dissolve the Initial Partnership. The limited partners of the Initial Partnership have no right to remove the General Partner.

5. It is contemplated that, at least initially, a large proportion if not all of the Initial Partnership's assets will be invested in Masters Fund, L.P. (''Masters Fund''), a Delaware limited partnership whose general partner is PaineWebber Futures Management Corp. and whose investment manager is PaineWebber. Masters Fund is a private investment partnership that seeks capital appreciation over the long term in a wide range of market conditions principally through a program of investment in investment partnerships, managed funds, separate accounts and other investment vehicles that invest or trade in a wide range of equity securities and other instruments. Masters Fund and other private investment partnerships in which the Partnership may invest (collectively ''Private Funds'') generally rely on section 3(c)(1) of the Act for an exception from the definition of investment company.

6. Equity interests in the partnership will be offered without registration under a claim of exemption under Section 4(2) of the Securities Act of 1933 (the ''Securities Act''). Such interests will be offered and sold only to (i) current employees of PaineWebber or any of its divisions or subsidiaries who are directors or officers at or above the level of Vice President (''Eligible Employees'') or (ii) trusts or other investment vehicles for the benefit of such Eligible Employees and/or the benefit of their immediate families. At the time of making an initial contribution and making any additional contribution to the Partnership, each Eligible Employee will be required to be (i) an accredited investor within the meaning of rule 501(a)(6) under the Securities Act or (ii) a non-accredited investor who (a) manages the ''day to day'' affairs of the Partnership, including an employee identifying, investigating, structuring, negotiating and monitoring investments of the Partnership, communicating with limited partners, maintaining the books and records of the Partnership and/or making recommendations with respect to investment decisions and/or who is substantially involved in the sales and marketing of the Partnership and (b) whose income exceed $120,000 from all sources in the preceding calendar year and who has a reasonable expectation of reportable income of at least $150,000 during such individual's participation in the Partnership and (c) who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Partnership.

7. Only a small portion of PaineWebber employees will qualify as Eligible Employees. The Eligible Employees are experienced professionals in the financial services business, or in administrative, financial, accounting or operational activities related thereto. No Eligible Employee will be required to invest in any Partnership.

8. Interests in the Initial Partnership will be nontransferable except with the prior written consent of the general partner of the Partnership, which consent may be withheld in its sole discretion. In any event, no person will be admitted to a Partnership as a partner unless such person or entity is (a) another Eligible Employee; (b) trusts or other investment vehicles for the benefit of such limited partner and/or such limited partner's immediate family; or (c) an entity affiliated with PaineWebber.

9. The management of each of the Partnerships will be vested in its general partner and, in certain cases, in an investment manager. If a Partnership will be considered a commodity pool for purposes of the Commodity Exchange Act (the ''Commodity Act'') and the regulations thereunder, the general partner of the Partnership will be registered as a commodity pool operator to the extent such registration is required. The Initial Partnership is a commodity pool and the General Partner is registered as a commodity pool operator and will be responsible for selecting and allocating the Initial Partnership's assets among the investment vehicles that engage in future transactions. All other investment decisions with respect to the Initial Partnership will be made by PaineWebber. PaineWebber, the General Partner and the general partner of any Subsequent Partnerships may make investments of their own in the Partnership, as a partner or otherwise, and in any case the General Partner will invest to the minimum extent required to satisfy Federal income tax requirements in the case of limited partnerships, which investment will be pro rata with all investors as to income and capital.

10. During the existence of each Partnership, books and accounts of the Partnership will be kept, in which the general partner of the Partnership will enter, or cause to be entered, all business transacted by the Partnership and all moneys and other consideration received, advanced and paid out or delivered on behalf of the Partnership, the results of the Partnership's operations, and each Partner's capital account. Such books at all times will be fully accessible to all Partners of the Partnership, subject to certain reasonable limitations to address concerns with respect to, among other things the confidentiality of certain information. In addition, the General Partner, or in the case of any Subsequent Partnership its general partner, or PaineWebber or the investment manager of any Subsequent Partnership will cause an audit of the financial statements for each fiscal year of the Partnership to be made by a nationally recognized firm of

independent certified public accountants. A copy of the accountant's report with respect to each fiscal year will be mailed or otherwise furnished to each partner of the Partnership within a specified period after the end of such fiscal year. Each Partnership will also supply all information reasonably necessary to enable the partners of the Partnership to prepare their Federal and state income tax returns. The General Partner or in the case of any Subsequent Partnership its general partner, or PaineWebber or the investment manager of any Subsequent Partnership also will generally furnish information regarding each Partnership to the Partners on a quarterly basis. It is expected that the scope and nature of the information furnished to the limited partners of any Partnership will be the same furnished to the third party investors of any investment vehicle in which the Partnership invests.

11. A limited partner may withdraw all or a portion of his or her capital account at the end of a quarter on 60 days prior written notice, provided that a limited partner may not withdraw any amounts during the first twelve months following his or her initial capital contribution to the Initial Partnership. Withdrawals may be limited to the extent that the Initial Partnership is limited or restricted from effecting a withdrawal from any investment vehicle in which it has invested. Distributions upon withdrawal may be made in cash or in the sole discretion of the General Partner, in kind, or partly in cash and partly in kind, and in kind distributions may be made on a non pro-rata basis.

12. The partnership agreement will provide that valuation of the assets of the Initial Partnership for all purposes, including valuation for purposes of determining the value of the interests of withdrawing limited partners (including, without limitation, limited partners who are required to withdraw by the General Partner, in its sole discretion, pursuant to the Partnership Agreement), will be as follows. Assets of the Initial Partnership for which market quotations are readily available will be valued at market value. Other assets of the Initial Partnership representing investments in investment partnerships or other investment vehicles, or with investment managers, will be valued based on the latest unaudited or audited financial statement or performance report unless the General Partner determines that some other valuation is more appropriate. All other assets of the Initial Partnership will be valued in the manner determined by the General Partner.

13. A limited partner retiring in accordance with the partnership agreement (including, without limitation, a limited partner who is required to retire by the General Partner, in its sole discretion, pursuant to the Partnership Agreement) will be entitled to receive an amount equal to the value of his capital account as of the date of his retirement, and the legal representative of any deceased or incapacitated limited partner may, in the discretion of the general partner, be paid the value of such limited partner's capital account, as of the end of the then current fiscal year. Redemptions of a retiring limited partner's interest may be paid in cash or, in the sole discretion of the general partner of the Partnership, in kind or partly in cash and partly in kind, and in kind distributions may be made on a non pro-rata basis.

14. Except to the extent that a Partnership is limited or restricted from effecting a withdrawal from any investment vehicle in which it has invested, retiring partners will be paid 90% of the estimate of the value of their capital account within 30 days after the date of such partner's retirement or the end of the fiscal year. Promptly after the General Partner of the Partnership has determined the capital accounts of the partners as of the retirement date or, if the retirement date is the last day of the fiscal year, the Partnership's independent public accountants have completed their audit of the Partnership's financial statements, the Partnership will pay to the retired limited partner or his representative the amount, if any, by which the amount to which such limited partner is entitled exceeds the amount previously paid, or the retired limited partner or representative will be obligated to pay to the Partnership the amount, if any, by which the amount previously paid exceeds the amount to which the retired limited partner is entitled, in each case together with interest thereon, to the extent permitted by applicable law, from the date of retirement or the last day of the fiscal year, as the case may be, to the date of payment at an annual rate equal to the 90-day Treasury Bill rate on such applicable date. A Partnership may retain as a reserve for Partnership liabilities or for other contingencies, so much of the amount to which a retiring limited partner is entitled as the General Partner, in its sole discretion, determines.

15. No remuneration will be paid by the Partnership to either the General Partner or PaineWebber. The General Partner and PaineWebber do not intend to seek reimbursement from a Partnership except in the case of funds advanced to a Partnership, or to third parties on behalf of the Partnership, to pay Partnership expenses, but each reserves the right to do so at a future date. PaineWebber, the General Partner and the general partner of any Subsequent Partnerships will not charge a fee to, or receive any compensation from the Partnerships for its management services, although PaineWebber and the General Partner do receive fees from Masters Fund which will be borne by the Partnership pro rata along with other partners of Masters Fund.

16. The Initial Partnership will be designated as a ''Special Limited Partner'' as an investor in the Masters Fund and will be charged by PaineWebber, the investment manager of Masters Fund, a reduced rate of 0.40% of the Initial Partnership's capital account in Masters Fund. An amount equal to 6.0% of the Initial Partnership's share of net profits of Masters Fund in excess of an annual 15% return will be reallocated to the general partner of Masters Fund. Any incentive allocation made to the general partner of Masters Fund will comply with rule 205–3 under the Advisers Act. The Initial Partnership will bear its allocable share of all other fees and expenses of Masters Fund including a quarterly administrative fee paid to the Masters Fund's administrator in an amount equal to 0.20% of the Initial Partnership's capital account in Masters Fund.

17. A minimum initial capital contribution of $50,000, subject to reduction in the sole discretion of the General Partner, will be required of an Eligible Employee to become a limited partner of the Partnership. Additional contributions must be in an amount equal to at least $50,000, subject to reduction in the sole discretion of the General Partner. On the basis of the total capital contribution, each partner of the Partnership will have an aggregate contribution recorded in his capital account.

Applicant's Legal Analysis

1. Applicant requests an exemption under section 6(b) and 6(e) of the Act from all provisions of the Act and the rules and regulations thereunder except sections 9, 17 (except for certain provisions of sections 17 (a), (d), (f), (g), and (j) as described in the application), 30 (except for certain provisions of sections 30 (a), (b), (e) and (h) as described in the application), and 36 through 53, and the rules and regulations thereunder.

2. Section 17(a) provides, in relevant part, that it is unlawful for any affiliated

person of a registered investment company or any affiliated person of such person, acting as principal, knowingly to sell any security or other property to such company or to purchase from such company any security or other property. Applicant believes that section 17(a) would prohibit certain purchases of assets from a sales of assets to any of the Partnerships and borrowings from any of the Partnerships (collectively, ''Section 17(a) Transactions'') by affiliated persons of that Partnership and affiliated persons of such persons (collectively, ''Section 17 Persons'').

3. Applicant requests an exemption from the provisions of section 17(a) to the extent necessary to permit any of the partnerships (a) to purchase and dispose of interests in a company of other investment vehicle which is a Section 17 Person with respect to that Partnership, whether by virtue of ownership by affiliated persons of one of the Partnerships of 5% or more of the voting securities of the company or vehicle, or otherwise, (b) to acquire investments from PaineWebber or any affiliate of PaineWebber that PaineWebber or any of its affiliates has, temporarily and as accommodation to one of the Partnerships, acquired on the Partnership's behalf, provided that the foregoing would not exempt transactions between one of the Partnerships and any director, officer or employee of the General Partner or PaineWebber and (c) to accept investment in any Partnership by a Section 17 Person.

4. Applicant requests the exemption to allow the Partnerships to buy and sell as principals (a) the interests of other investment vehicles sponsored by PaineWebber and (b) the interests of private investment partnerships or other investment vehicles in which a Section 17 Person including PaineWebber and any of its employees, officers and directors are investors. Applicant requests the relief to permit the Partnerships to have the flexibility to deal with their investments in the manner their general partner and/or PaineWebber deems most advantageous to the Partnerships. Applicant states that the exception in clause (b) of the previous paragraph is requested to permit PaineWebber to acquire an investment temporarily on behalf of a Partnership prior to or during its formation or prior to receipt by a Partnership of the necessary funds from its partners to make such acquisition itself. Applicant believes it is in the interests of the limited partners for the Partnerships to be able to take advantage of investment opportunities that are identified as attractive by the general partner or investment manager but may not remain available during the months required to organize the Initial or Subsequent Partnerships and solicit Eligible Employees, or to seek additional voluntary funds for one of the existing Partnerships. In such cases, applicant states that PaineWebber's motivation would be solely to accommodate the Initial or Subsequent Partnerships.

5. Applicant contends that section 17(a) relief is appropriate because the partners of the Partnership will have been fully informed of the possible extent of the Partnerships' dealings with PaineWebber and its affiliates and, as successful professionals employed in the financial services industry, will be able to evaluate any attendant risks.

6. Section 17(d) and rule 17d–1 thereunder, among other things, prohibit a Section 17 Person, acting as principal, from participating in, or effecting any transaction in connection with, any joint enterprise or other joint arrangement or profit-sharing plan in which the Partnerships are a participant.

7. Applicant requests an exemption under rule 17d–1 to the extent necessary to permit the Partnerships to engage in transactions in which a Section 17 Person with respect to the Partnerships may participate as a co-investor with any such Partnerships and to allow Section 17 Persons to invest in the Partnerships.

8. Because of the number and sophistication of the potential partners in the Partnerships and the persons affiliated with such partners, applicant believes that strict compliance with section 17(d) of the Act may cause the Partnerships to forego many otherwise attractive investment opportunities simply because an affiliated person of PaineWebber or the Partnerships also had, or contemplated making, a similar investment. Applicant believes that the concern that permitting joint investments by PaineWebber or affiliates of PaineWebber might lead to disadvantageous treatment of the Partnerships should be mitigated by the fact that PaineWebber will be acutely concerned with its relationship with its employees who are partners in the Partnerships.

9. Section 17(f) provides that the securities and similar investments of a registered management investment company must be placed in the custody of a bank, a member of a national securities exchange, or the company itself in accordance with SEC rules. Applicant requests an exemption from section 17(f) and rule 17f–1 thereunder to the extent necessary to permit PaineWebber to act as custodian without a written contract. Because there is a close association between the Partnerships and PaineWebber, applicant contends that requiring a detailed contract would cause each Partnership to unnecessary burden and expense. Furthermore, applicant notes that any securities of a Partnership held by PaineWebber will have the protection of fidelity bonds. Applicant also requests an exemption from the terms of rule 17f–1(b)(4), as it does not believe that the expense of retaining an independent account to conduct periodic verifications (as required by the rule) is warranted given the community of interest of all the parties involved and the existing requirement for an independent annual audit.

10. Section 17(g) and rule 17g–1 thereunder generally require the bonding of officers and employees of a registered investment company who have access to securities or funds of the company. Applicant requests an exemption from section 17(g) and rule 17g–1 to the extent necessary to permit the Partnerships to comply with rule 17g–1 without having a majority of the directors of the general partner who are not ''interested persons'' (as defined in section 2(a)(19) of the Act) take such action and make such approvals as set forth in the rule and to permit the general partner to treat all Partnerships together as a single partnership for purposes of making a determination under section 17(g) and rule 17g–1. Because all of the directors will be affiliated persons, applicant believes that, without the requested relief, the Partnerships could not comply with rule 17g–1. The Partnerships will, except for the requirements of such approvals by ''non-interested'' directors, otherwise comply with rule 17g–1.

11. Section 17(j) and rule 17j–1 thereunder make it unlawful for certain enumerated persons to engage in fraudulent, deceitful, or manipulative practices in connections with the purchase or sale of security held or to be acquired by an investment company. Rule 17j–1 also requires every registered investment company, its adviser, and its principal underwriter to adopt a written code of ethics with provisions reasonably designed to prevent fraudulent activities, and to institute procedures to prevent violations of the code. Applicant requests an exemption from the provisions of section 17(j) and rule 17j–1 because it believes they are burdensome and unnecessary and the exception is consistent with the policy of the Act. Applicant believes that the community of interests among the

partners of the Partnerships and the conditions set forth below in connection with the exemptions requested from sections 17 (a) and (d) should provide adequate safeguards. Applicant does not seek an exemption from, and applicant will comply with, the anti-fraud provisions of paragraph (a) of rule 17j–1.

12. Applicant requests an exemption from the requirement in sections 30 (a), (b) and (e), and the rules thereunder, that registered investment companies prepare a file with the Commission and mail to their shareholders certain periodic reports and financial statements. Applicant believes that the forms prescribed by the SEC for periodic reports have little relevance to the Partnerships and would entail administrative and legal costs that outweigh any benefit to the limited partners. Applicant also requests an exemption from section 30(e) to the extent necessary to permit a Partnership to report annually to limited partners in the manner described in the application.

13. Section 30(h) requires that every officer, director and member of an advisory board, investment advisor or affiliated person of an investment advisor of a closed-end investment company be subject to the same duties and liabilities as those imposed upon similar classes of persons under section 16(a) of the Securities Exchange Act of 1934 (the ''1934 Act''). Applicant requests an exemption from the requirements of section 30(h) to the extent necessary to exempt the General Partner, the general partner of any Subsequent Partnership, PaineWebber, any investment manager of a subsequent Partnership, any affiliated person of PaineWebber or such other investment manager, and any of their respective officers or directors and any other persons who may be deemed members of an advisory board of any of the Partnerships from filing Forms 3, 4 and 5 under section 16 of the Exchange Act with respect to their ownership interests in the Partnerships. Applicant submits that its request is appropriate and consistent with the protection of investors because of the lack of trading market in and the restriction on transferability of Partnership interests.

Applicant's Conditions

Applicant will comply with the following as conditions to any order granted by the SEC:

1. As a condition of the relief requested for the Partnerships from sections 17 (a) and (d), applicant agrees that the proposed transactions otherwise prohibited by sections 17(a) and/or 17(d) to which any Partnership is a party will be affected only in accordance with the following: (a) the Partnerships will not acquire any interest in PaineWebber or the PaineWebber Group; (b) any acquisition by any of the Partnerships of an investment covered by the section 17(a) relief will be affected at value (as defined in section 2(a)(41) of the Act), as determined in good faith by the General Partner, or in the case of any Subsequent Partnership, its general partner, or PaineWebber, except that transfers from the General Partner, or in the case of any Subsequent Partnership, its general partner, or PaineWebber will be effected at cost as described in paragraph c below; (c) transfer of an investment from the General Partner, the general partner of any Subsequent Partnership or PaineWebber to any of the Partnerships will be effected as soon as reasonably practicable after the acquisition by the General Partner, the general partner of any Subsequent Partnership or PaineWebber, but in any event within one year and will be effected at the General Partner's, general partner's or PaineWebber's cost, which includes any actual interest charges, not to exceed the prevailing prime rate, incurred to purchase and hold the property in question; and (d) the General Partner and any general partner of any Subsequent Partnership will adopt, and periodically reivew and update, procedures designed to ensure that reasonable inquiry is made, prior to the consummation of any such transaction, with respect to the possible involvement in the transaction of any affiliated person of the Partnership, or any affiliated person of such a person.

2. As a condition of the relief requested for the Partnerships under sectin 17(d) and rule 17d–1, applicant agrees that proposed transactions otherwise prohibited by section 17(d) to which any Partnership is a party will be effected in accordance with the following: The General Partner and any general partner of any Subsequent Partnership will not invest funds of the Partnership in any investment in which a Section 17 Person has or proposes to acquire the same class of securities of the same issuer, where the investment involves a joint enterprise or other joint arrangement within the meaning of rule 17d–1 in which the Partnership and the Section 17 Person are participants, unless any such Section 17 Person agrees that, prior to disposing of all or part of its investment, it will (i) give the General Partner or, in the case of any Subsequent Partnership, its general partner, sufficient, but not less than one day's notice of its intent to dispose of its investment, and (ii) refrain from disposing of its ivestment unless the Partnership has the opportunity to dispose of the Partnership's investment prior to or concurrently with, and on the same term as, and *pro rata* with the Section 17 Person. The restrictions contained in this condition, however, shall not be deemed to limit or prevent the disposition of an investment by a Section 17 Person: (i) to its direct or indirect wholly-owned subsidiary, to any company (a ''parent'') of which the Section 17 Person is a direct or indirect wholly-owned subsidiary, or to a direct or indirect wholly-owned subsidiary of its parent; (ii) to immediate family members of the Section 17 Person or a trust established for any such family members; (ii) when the investment is comprised of securities that are listed on any exchange registered as a national securities exchange under section 6 of the 1934 Act; or (iv) when the investment is comprised or securities that are national market system securities pursuant to section 11A(a)(2) of the 1934 Act and rule 11Aa2–1 thereunder.

3. As a further condition to a Partnership's participation in Section 17(a) Transactions or Section 17(d) Transactions for which relief is requested herein, applicant agrees that such Transaction will be affected in compliance with section 57(f) of the Act as if the applicant were a business development company to the extent that the General Partner, or in the case of any subsequent Partnership its general partner, or PaineWebber (instead of the ''required majority'' as defined in section 57) approves that transactions on the basis hereinafter set forth. The General Partner or, with respect to a Subsequent Partnership, its general partner, must approve the Transaction on the basis that as follows: (1) The terms of such Transaction, including the consideration to be paid or received, are fair and reasonable to the partners of the Initial or Subsequent Partnership and do not involve overreaching of the Initial or Subsequent Partnership or its partners on the part of any person concerned; (2) the proposed Transaction in consistent with the interests of the partners and consistent with the partnership agreement or the partnership agreement of any Subsequent Partnership and its report to partners; and (3) the general partner or PaineWebber will preserve in its records a description of such Transaction, its findings, the information or materials upon which its findings were based, and the basis therefore. All such records will be maintained for the life of the Initial and

Subsequent Partnership and for a period of at least six years after the termination of the Initial or Subsequent Partnership, and will be subject to examination by the SEC and its staff.[1]

4. Each Partnership and its general partner will maintain and preserve, for the life of the Partnership and at least two years thereafter, such accounts, books, and other documents as constitute the record forming the basis for the audited financial statements that are to be provided to the limited partners, and each annual report of the Partnership required to be sent to the limited partners, and agree that all such records will be subject to examination by the SEC and its staff.

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

6. If purchases or sales are made by a Partnership from or to an entity affiliated with the Partnership by reason of a 5% or more investment in such entity by any director, officer or employee of PaineWebber or by any director, officer of the general partner of that Partnership, such individual will not participate in that general partner's determination of whether or not to effect such purchase or sale.

[1] Consistent with rule 31a–2 under the Act, each of the Partnerships will preseve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–19197 Filed 7–21–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38840; File No. SR–CBOE–97–21]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Membership Application Submission Deadlines

July 16, 1997.

On May 15, 1997, the Chicago Board Options Exchange, Incorporated (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] the proposed rule change to amend CBOE Rule 3.9 to give the Exchange's Membership Committee the authority to establish deadlines for the submission of each type of membership application. Notice of the proposed rule change, together with the substance of the proposal, was published in the **Federal Register**.[2] No comment letters were received. This order approves the proposed rule change.

I. Background

CBOE Rule 3.9(a) currently requires every individual or organization applying to become an Exchange member and every individual applying to become a nominee of an Exchange member organization to file an application with the Exchange's Membership Department no later than the first business day of the month during which the application will be considered by the Exchange's Membership Committee. The Membership Committee generally meets once a month on the Thursday of the third week of the month. Depending on the particular month, the current membership application submission deadline can provide the Exchange with as few as 10 business days to process a membership application prior to the Membership Committee's consideration of the application at its monthly meeting.

According to the Exchange, the current application submission deadline makes it extremely difficult for the Exchange to complete the processing of new membership applications in time for consideration by the Membership Committee at its monthly meeting. On the other hand, the Exchange is typically able to process more quickly the application of an existing member to change his or her membership status or the application of a former individual member who is reapplying for membership within 6 months after his or her membership termination date.

The proposed rule change will eliminate the current general membership application submission deadline, and instead, provide in Rule 3.9(a) that the Membership Committee shall establish separate submission deadlines for each type of membership application. Once the Membership Committee has established the submission deadline for a particular type of membership application, each type of membership application will be required to be submitted to the Membership Department in accordance with the deadline to be eligible to be considered for approval.

II. Discussion

The proposed rule change is consistent with Section 6(b) of the Act, in general, and Sections 6(b)(5) and 6(b)(7), in particular, in that it is designed to protect investors and the public interest and to provide a fair procedure for the consideration of Exchange membership applications by ensuring that the Exchange has adequate time in which to review membership applications.[3] The proposed rule change will permit the Membership Committee to tailor a particular submission deadline to the type of membership application involved and to periodically shorten or lengthen the deadline, if appropriate, to correlate the submission deadline with the amount of time that the Exchange is generally taking to process that type of application. Furthermore, the proposed rule change will not restrict the Membership Committee's ability to table its consideration of a membership application pursuant to CBOE Rule 3.9(c)(1) of Rule 3.9(e) to obtain additional information concerning an applicant or pursuant to CBOE Rule 3.4(d) when an applicant is subject to an investigation being conducted by a self-regulatory organization or government agency involving the applicant's fitness for membership.

[1] 15 U.S.C. § 78s(b)(1) (1988).

[2] Securities Exchange Act Release No. 38725 (June 6, 1997), 62 FR 32394 (June 13, 1997).

[3] The Commission has considered the effect of the proposed rule change on the promotion of efficiency, competition and capital formation. 15 U.S.C. § 78(c).