

will be treated as separate loan transactions for purposes of this condition.

9. A Fund's borrowings through the credit facility, as measured on the day the most recent loan was made, will not exceed the greater of 125% of the Fund's total net cash redemptions and 102% of sales fails for the preceding seven calendar days.

10. Each Interfund Loan may be called on one business day's notice by the lending Fund and may be repaid on any day by the borrowing Fund.

11. A Fund's participation in the credit facility must be consistent with its investment policies and limitations and organizational documents.

12. The Cash Management Team will calculate total Fund borrowing and lending demand through the credit facility, and allocate loans on an equitable basis among the Funds without intervention of the portfolio manager of a Fund (except a portfolio manager of the Money Market Funds acting in his or her capacity as a member of the Cash Management Team). All allocations will require approval of at least one member of the Cash Management Team who is not a portfolio manager of the Money Market Funds. The Cash Management Team will not solicit cash for the credit facility from any Fund or prospectively publish or disseminate loan demand data to portfolio managers (except to the extent that the portfolio managers of the Money Market Funds on the Cash Management Team have access to loan demand data). The Franklin Templeton Advisers will invest any amounts remaining after satisfaction of borrowing demand in accordance with the standing instructions from portfolio managers or return remaining amounts for investment to the Funds.

13. The Franklin Templeton Advisers will monitor the interest rates charged and the other terms and conditions of the Interfund Loans and will make a quarterly report to the Trustees concerning the participation of the Funds in the credit facility and the terms and other conditions of any extensions of credit thereunder.

14. The Trustees of each Fund, including a majority of the Independent Trustees: (a) will review no less frequently than quarterly the Fund's participation in the credit facility during the preceding quarter for compliance with the conditions of any order permitting such transactions; (b) will establish the Bank Loan Rate formula used to determine the interest rate on Interfund Loans and review no less frequently than annually the continuing appropriateness of the Bank Loan Rate

formula; and (c) will review no less frequently than annually the continuing appropriateness of the Fund's participation in the credit facility.

15. In the event an Interfund Loan is not paid according to its terms and such default is not cured within two business days from its maturity or from the time the lending Fund makes a demand for payment under the provisions of the Interfund Lending Agreement, the Franklin Templeton Advisers will promptly refer such loan for arbitration to an independent arbitrator selected by the Trustees of any Fund involved in the loan who will serve as arbitrator of disputes concerning Interfund Loans.<sup>4</sup> The arbitrator will resolve any problem promptly, and the arbitrator's decision will be binding on both Funds. The arbitrator will submit, at least annually, a written report to the Trustees setting forth a description of the nature of any dispute and the actions taken by the Funds to resolve the dispute.

16. Each Fund will maintain had preserve for a period of not less than six years from the end of the fiscal year in which any transaction under the credit facility occurred, the first two years in an easily accessible place, written records of all such transactions setting forth a description of the terms of the transaction, including the amount, the maturity, and the rate of interest on the loan, the rate of interest available at the time on short-term repurchase agreements and bank borrowings, the MMF Yield, and such other information presented to the Trustees in connection with the review required by conditions 13 and 14 above.

17. The Franklin Templeton Advisers will prepare and submit to the Trustees for review an initial report describing the operations of the credit facility and the procedures to be implemented to ensure that all Funds are treated fairly. After the credit facility commences operations, the Franklin Templeton Advisers will report on the operations of the credit facility at the Trustees' quarterly meetings. In addition, for two years following the commencement of the credit facility, the independent public accountant for each Fund shall prepare an annual report that evaluates the Franklin Templeton Adviser's assertion that it has established procedures reasonably designed to achieve compliance with the conditions of the order. The report shall be prepared in accordance with the Statements on Standards for Attestation

<sup>4</sup> If the dispute involves Funds with separate boards of Trustees, the Trustees of each Fund will select an independent arbitrator that is satisfactory to each party.

Engagements No. 3 and it shall be filed pursuant to Item 77Q3 of Form N-SAR. In particular, the report shall address procedures designed to achieve the following objectives: (a) that the Interfund Rate will be higher than the Repo Rate, and than the MMF Yield, but lower than the Bank Loan Rate; (b) compliance with the collateral requirements as set forth in the application; (c) compliance with the percentage limitations on interfund borrowing and lending; (d) allocation of interfund borrowing and lending demand in an equitable manner and in accordance with procedures established by the Trustees; and (e) that the interest rate on any Interfund Loan does not exceed the interest rate on any third party borrowings of a borrowing Fund at the time of the Interfund Loan. After the final report is filed, the Fund's external auditors, in connection with their Fund audit examinations, will continue to review the operation of the credit facility for compliance with the conditions of the application and their review will form the basis, in part, of the auditor's report on internal accounting controls in Form N-SAR.

18. No fund will participate in the credit facility upon receipt of requisite regulatory approval unless it has fully disclosed in its SAI all material facts about its intended participation.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-24602 Filed 9-21-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41879; File No. SR-DTC-99-15]

### Self-Regulatory Organizations; The Depository Trust Company; Order Approving a Proposed Rule Change Relating to Procedures When Settling Banks Fail To Settle

September 15, 1999.

On June 11, 1999, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-DTC-99-15) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **FEDERAL REGISTER** on August 6, 1999.<sup>2</sup> No comment letters were received. For

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> Securities Exchange Act Release No. 41678 (July 30, 1999), 64 FR 43004.

the reasons discussed below, the Commission is approving the proposed rule change.

### I. Description

Under the rule change, DTC is restating its procedures for a settling bank's failure to settle.<sup>3</sup> DTC has revised its procedures for when a settling bank fails to settle with DTC due to a financial or operational problem to state in additional detail the procedures that DTC will follow if a settling bank fails to settle with DTC. For example, the restated procedures (1) state the specific time by which settling banks must acknowledge settlement balances each day, (2) provide for notice by DTC of a settling bank's failure to settle to the participants that settle through the bank, and (3) set forth DTC's rights with respect to payment of credit balances to and retention of collateral of each participant that settles through the bank.<sup>4</sup>

### II. Discussion

Section 17A(b)(3)(F) of the Act<sup>5</sup> requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody and control of the clearing agency or for which it is responsible. The Commission believes that the proposed rule change is consistent with DTC's obligations under Section 17A(b)(3)(C) because it should facilitate completion of the daily settlement process at DTC in the event that a settlement bank fails to settle with DTC.

### III. Conclusion

On the basis of the foregoing, the Commission finds that DTC's proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-99-15) be and hereby is approved.

<sup>3</sup> DTC's current procedures were established in 1994 in connection with DTC's conversion to a same-day settlement system. The procedures were set forth in a memorandum which was issued jointly with the National Securities Clearing Corporation and which described the planned conversion of DTC's money settlement system from an oversight funds system to a same-day funds system to an entirely same day funds settlement system (July 29, 1994).

<sup>4</sup> A copy of DTC's procedures is attached as Exhibit 2 to DTC's filing, which is available for inspection and copying in the Commission's Public Reference Room and through DTC.

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-24603 Filed 9-21-99; 8:45 am]

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## SMALL BUSINESS ADMINISTRATION

### [Declaration of Disaster #3211]

#### State of North Carolina

As a result of the President's major disaster declaration on September 9, 1999, and an amendment thereto on September 11, I find that the Counties of Beaufort, Carteret, Craven, Dare, Hyde, and Pamlico in the State of North Carolina constitute a disaster area due to damages caused by Hurricane Dennis beginning on August 29, 1999, and continuing through September 11, 1999. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on November 7, 1999, and for loans for economic injury until the close of business on June 9, 2000 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308.

In addition, applications for economic injury loans from small businesses located in the contiguous Counties of Jones, Lenoir, Martin, Onslow, Pitt, Tyrrell, and Washington in North Carolina may be filed until the specified date at the above location.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere .....	7.250
Homeowners without credit available elsewhere .....	3.625
Businesses with credit available elsewhere .....	8.000
Businesses and non-profit organizations without credit available elsewhere .....	4.000
Others (including non-profit organizations) with credit available elsewhere .....	7.000
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere .....	4.000

The numbers assigned to this disaster are 321108 for physical damage and 9E5100 for economic injury.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

<sup>6</sup> 17 CFR 200.30-3(a)(12).

Dated: September 14, 1999.

**Bernard Kulik,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 99-24670 Filed 9-21-99; 8:45 am]

BILLING CODE 8025-01-U

## SMALL BUSINESS ADMINISTRATION

### [License No. 02/72-0575]

#### East River Ventures, L.P.; Notice of Surrender of License

Notice is hereby given that East River Ventures, L. P., 645 Madison Avenue, New York, NY 10022, has surrendered its license to operate as a small business investment company under the Small Business Investment Act of 1958, as amended (the Act). East River Ventures, L. P. was licensed by the Small Business Administration on September 26, 1997.

Under the authority vested by the Act and pursuant to the Regulations promulgated thereunder, the surrender was accepted on this date, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Programs No. 59.011, Small Business Investment Companies)

Dated: September 15, 1999.

**Don A. Christensen,**

*Associate Administrator for Investment.*

[FR Doc. 99-24673 Filed 9-21-99; 8:45 am]

BILLING CODE 8025-01-U

## SMALL BUSINESS ADMINISTRATION

### Revocation of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration by the Final Order of the United States District Court for the District of New Jersey, entered August 4, 1999, the United States Small Business Administration hereby revokes the license of Japanese American Capital Corp., a New Jersey corporation, to function as a small business investment company under the Small Business Investment Company License No. 02/02-5367 issued to Japanese American Capital Corp. on August 7, 1979 and said license is hereby declared null and void as of September 14, 1999.

Dated: September 14, 1999.

United States Small Business Administration.

**Don A. Christensen,**

*Associate Administrator for Investment.*

[FR Doc. 99-24671 Filed 9-21-99; 8:45 am]

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