of the International Series identical in number and net asset value to his or her International Stock Fund shares.

Applicants' Legal Analysis

1. Section 17(a), in pertinent part, prohibits an affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from selling to or purchasing from such registered company, or any company controlled by such registered company, any security or other property.

2. Section 2(a)(3) of the Act defines the term ''affiliated person of another person'' to include (a) any person directly or indirectly owning, controlling, or holding with power to vote five percent or more of the outstanding voting securities of such other person, (b) any person five percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such other person, and (c) any person directly or indirectly, controlling, controlled by, or under common control with such other person. Section 2(a)(3) further provides that the term ''affiliated person of another person'' includes any investment adviser of such other person if such other person is an investment company. The PIF Funds could be deemed to be an affiliated person of an affiliated person of the PMF Funds because of Prudential's ownership interest in the PIF Funds. Thus, the proposed Reorganizations could be deemed to be subject to the provisions of section 17(a).

3. Section 17(b) provides that the SEC may exempt a transaction from the provisions of section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

4. Applicants submit that the terms of the proposed Reorganizations meet the standards set forth in section 17(b). The Boards of the Funds, including the members of the Boards who are not interested persons, having reviewed and approved the form of each Plan, including the consideration to be paid or received by each of the Funds. The Boards also have concluded that the Reorganizations are in the best interests of the shareholders of the respective Funds and that the Reorganizations will not result in the dilution of the interests of any of the existing shareholders of the Acquired Funds or the Acquiring Funds. The Reorganizations are expected to benefit each Fund's shareholders because of estimated lower expense ratios and the expected increase in size of the combined funds, both immediately after the Reorganizations and through improved potential for growth in the future, which should assist in each Fund's ability to invest more effectively, to achieve certain economies of scale and, in turn, to potentially increase its operating efficiencies and facilitate portfolio management.

5. Applicants believe that the terms of the Plans are fair and reasonable and do not involve overreaching on the part of any person concerned. In addition, the proposed Reorganizations are consistent with the policies of the respective Funds recited in their respective registration statements and reports filed under the Act. Applicants assert that granting the requested order is consistent with the provisions, policies and purposes of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–20719 Filed 8–13–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–22128; 812–9890]

Southeast Interactive Technology Fund I, LLC, et al.; Notice of Application

August 9, 1996.

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

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

APPLICANTS: Southeast Interactive Technology Fund I, LLC (the ''Fund''), One Room Systems, Inc. (the ''Company''), and E. Lee Bryan (''Mr. Bryan'').

RELEVANT ACT SECTIONS: Order requested under section 17(b) of the Act for an exemption from sections 17(a)(1) and (3) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit the Fund to provide a revolving line of credit to an affiliated person of an affiliated person of the Fund.

FILING DATES: The application was filed on December 13, 1995 and amended on June 19, 1996 and July 29, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 29, 1996, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons 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: the Fund, 2200 West Main Street, Suite 900, Durham, North Carolina 27705; the Company, 2525 Meridian Parkway, Suite 220, Durham, North Carolina 27713; and Mr. Bryan 2525 Meridian Parkway, Suite 350, Durham, North Carolina 27713.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942–0562, or Alison E. Baur, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. The Fund, a North Carolina limited liability company, is a closed-end management investment company that is registered under the Act. The Fund's investment objective is to seek long-term capital appreciation by investing primarily in equity and equity-related securities of interactive information and visual technology companies located in the southeastern United States. On June 13, 1995, the Fund issued 244 shares of membership interest (''Shares'') at a purchase price of $25,000 per Share to 168 ''accredited investors'' in a private offering conducted in accordance with the provisions of Regulation D under the Securities Act of 1933 (the ''Securities Act'').

2. Montrose Venture Partners, LLC, an investment adviser that is registered under the Investment Advisers Act of 1940, serves as investment adviser to the Fund (the ''Adviser''). Three of the five principals of the Adviser comprise the board of directors (the ''Board'') of the Fund.

3. The Company is a North Carolina corporation that develops and

distributes multimedia educational and entertainment products.

4. Mr. Bryan owns one Share of the Fund and is one of the members of the Board of the Fund. Mr. Bryan also is one of the principals of the Adviser. In addition, Mr. Bryan is the Company's founder and owns 76% of the Company's outstanding capital stock.

5. On November 2, 1995, the Adviser caused the Fund to enter into an agreement (the ''Agreement'') with the Company, subject to the Commission's approval, that provides that the Fund will extend a revolving line of credit to the Company of up to $600,000 (the ''Loan''). Applicants represent that Mr. Bryan did not participate in the Adviser's decision to cause the Fund to enter into the Agreement. In addition, as more fully described below, the Loan has substantially similar terms to a bridge financing arrangement (the ''Bank Facility'') between the Company and an unaffiliated lender, First Union National Bank of North Carolina (the ''Bank'').

6. The Loan is payable in full on the date one year from the date the first advance is made or such earlier date as the Loan may become due because the Fund elects to accelerate the Loan upon an event of default. The Loan has an interest rate of 10% per year and is fully secured with a first priority security interest in substantially all of the Company's receivables. Mr. Bryan, who has a personal net worth in excess of the Loan amount, will personally guarantee the Loan. As long as there is an outstanding loan balance, the Company will maintain a life insurance policy on Mr. Bryan of $250,000 with the Fund as the primary beneficiary, and the Fund may require an increase in such coverage as a condition to advances in excess of $250,000.

7. In addition, the Fund will hold an option that permits it to convert the principal balance of the loan to shares of common stock (''Common Stock'') of the Company at the ''Conversion Price'' described below. The Conversion Price initially will be $1.00 per share and is based upon the Company currently having 6,234,302 shares of Common Stock issued and outstanding. The Conversion Price will adjust proportionately upon any stock splits, combinations, dividends, or similar changes to the capital structure.

8. The Fund also will be issued a warrant to purchase additional shares (a ''Warrant'') at the Conversion Price at the time the Warrant is exercised. The Warrant may be exercised only once and only from the date of its issuance through the date seven years after its issuance. If the Company registers securities under the Securities Act, the Fund will have ''piggyback'' registration rights with respect to any Common Stock acquired upon conversion of the Loan or exercise of the Warrant that will enable the Fund to sell Common Stock *pro rata* with the shares of any other selling shareholders.

9. In the event the Company plans to sell stock through a private or public offering, at a price per share of Common Stock of at least twice the Conversion Price, or otherwise obtain a capital infusion of at least $2,000,000 (the ''Equity Infusion''), the Company will be obligated to notify the Fund at least 45 days prior to the anticipated closing date of such offering. On or before the closing, the Fund may elect to convert the Loan into Common Stock.

10. Furthermore, for the one year period following closing of the Agreement, the Fund and the Company will agree upon a budget (the ''Budget'') for the Company. The proceeds of the Loan will be used only for payment of expenses and costs in accordance with the Budget. The Budget will be modified only with the consent of the Fund. Finally, as long as the Loan is outstanding, the Company is required to provide financial reports to the Fund.

Applicants' Legal Analysis

1. Applicants request an order under section 17(b) of the Act for an exemption from sections 17(a) (1) and (3) of the Act. The Order would permit the Fund to provide a revolving line of credit to an affiliated person, the Company, of an affiliated person, Mr. Bryan, of the Fund.

2. Section 17(a)(1) of the Act generally prohibits an affiliated person of a registered investment company or any affiliated person of such a person, acting as principal, knowingly to sell any security or other property to such registered company. Section 17(a)(3) generally prohibits an affiliated person of a registered investment company or any affiliated person of such a person, acting as principal, to borrow money or other property from such registered company.

3. Section 2(a)(3)(B) of the Act defines an ''affiliated person'' of another person to be any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person. Because 76% of the outstanding capital stock of the Company is owned by Mr. Bryan, the Company is an affiliated person of Mr. Bryan. Section 2(a)(3)(D) states that an ''affiliated person'' of another person includes any officer, director, partner, copartner, or employee of such other person. Because Mr. Bryan is a member of the Board of the fund, he is an affiliated person of the Fund. Accordingly, the Company is an affiliated person of an affiliated person of the Fund.

4. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) the terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general provisions of the Act.

5. In approving the Loan, the Fund, including the disinterested directors, considered that the Company entered into the Bank Facility with the Bank. The terms of the Bank Facility do not differ materially from the terms of the Agreement except that the Bank, Facility does not include any equity conversion feature and was not accompanied by a warrant. In addition, the Bank Facility will be repaid in full by the Company with the proceeds of the Loan. Upon repayment of the Bank Facility, the Bank will release any security interests it has in the Company's assets. Thus, applicants believe that the Bank Facility demonstrates that the terms of the Loan are equivalent to an arms-length transaction and are therefore reasonable and fair to the Fund.

6. In addition, the Board considered the fact that the Loan is secured by substantially all the receivables of the Company and an assignment of certain contract rights that are pre-approved by the Fund. Accordingly, the Board determined that the Loan is adequately secured and that its terms are reasonable and fair and do not involve overreaching on the part of the Company or Mr. Bryan.

7. Applicants state that the Fund's registration statement specifically provides that it will lend money to companies located in the southeastern United States, in which a principal of the Adviser has a controlling interest, that develop interactive information and visual technologies. Thus, applicants assert that the Loan is consistent with the investment policy of the Fund. Applicants also believe that because of the numerous safeguards present in the terms of the Loan, the Loan does not pose any of the abuses contemplated by section 17(a) and therefore is consistent with general purposes of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–20715 Filed 8–13–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37537; File No. SR–BSE–96–9]

Self-Regulatory Organization; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Boston Stock Exchange, Incorporated Relating to Elimination of Clearing Support Fees

August 7, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78s(b)(1), notice is hereby given that on July 23, 1996 the Boston Stock Exchange, Incorporated (''BSE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its fee schedule pertaining to support services fees, eliminating fees which are obsolete due to the discontinuation of the Boston Stock Exchange Clearing Corporation as a support facility for the Depository Trust Company. The text of the proposed rule change is as follows [deleted text is in brackets]:

Membership and Other Fees

(1) *Membership*	
Membership Dues	$400.00 per membership per quarter.
Clearing Corporation Deposit.	$6,000.00 (refundable).
Account Maintenance.	$200.00 per month.
Transfer of Membership.	$500.00 for intra-firm or inter-firm.
BSE Rules and Guides.	CCH annual subscription rate.
(2) [Support Services]	
[DTC Facility.	
Deposit Sheets ...	$4.00 per item.
Deposit Items	$1.00 per item.
ID Activity.	
ID Trades	$1.00 per item.
ID Account Set-Up.	$1.00 per item.
ID Account Maintenance.	$.50 per item.
Envelope Processing.	$25.00 per envelope.
Distribution	$300.00 per month.
Check Issuance/ Deposit.	$300.00 per month].
[3)] Electronic Fee Access and Processing.	
Open Order Match.	$200.00 per month.
Trade Files	$100.00 per month.
P & S Blotters	$100.00 per month.
Equity Reports ...	$100.00 per month.
Remote BEACON Access.	Greater of $100.00 or monthly transaction fees for trades routed through terminal.
ADP User's Fee	Greater of $1,200.00 or monthly transaction fees.
Late Fees	1.5% will be charged on outstanding balances as of the last calendar day of the month.

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 Exchange 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 IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to eliminate fees pertaining to support services made obsolete by the discontinuation of the Boston Stock Exchange Clearing Corporation as a support facility for the Depository Trust Company.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(4) of the Act in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members and issuers and persons using its facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The BSE does not believe that the proposed rule change will impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act and subparagraph (e) of Rule 19b–4 [1] thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR–BSE–96–9 and should be submitted by September 4, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[2]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–20716 Filed 8–13–96; 8:45 am]

BILLING CODE 8010–01–M

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[1] 17 CFR 240.19b–4.

[2] 17 CFR 200.30(a)(12).