

a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b-1, or service fee (as defined in rule 2830(b)(9) of the National Association of Securities Dealers' Rules of Conduct).⁶

2. If the Adviser to the Central Fund collects a fee from the Central Fund for acting as its investment adviser, before the next meeting of the board of trustees of a Registered Fund that invests in the Central Fund is held for the purpose of voting on an advisory contract under section 15, the Adviser to the Registered Funds will provide the board of trustees with specific information regarding the approximate cost to the Adviser for managing the assets of the Registered Fund that can be expected to be invested in such Central Funds. Before approving any advisory contract under section 15, the board of trustees of such Registered Fund, including a majority of the trustees who are not "interested persons," as defined in section 2(a)(19), shall consider to what extent, if any, the advisory fees charged to the Registered Fund by the Adviser should be reduced to account for the fee indirectly paid by the Registered Fund because of the advisory fee paid by the Central Fund. The minute books of the Registered Fund will record fully the trustees' consideration in approving the advisory contract, including the considerations relating to fees referred to above.

3. Each Participating Fund, each Central Fund, and any future fund that may rely on the order shall be advised by or, in the case of a 3(c)(11) Entity, shall have as its trustee, FMR or a person controlling, controlled by, or under common control with FMR.

4. Investment in shares of the Central Funds will be in accordance with each Registered Fund's respective investment restrictions, if any, and will be consistent with each Registered Fund's policies as set forth in its prospectuses and statements of additional information.

5. No Central Fund shall acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, except as permitted by the SEC's prior interfund lending order issued to the Fidelity family of funds.⁷

6. A majority of the trustees of each Registered Fund will not be "interested persons," as defined in section 2(a)(19) of the Act.

7. Each of the Registered Funds will invest uninvested cash in, and hold

shares of, the Central Funds only to the extent that the Registered Fund's aggregate investment in the Central Funds at the time the investment is made does not exceed 25% of the Registered Fund's total net assets. For purposes of this limitation, each Registered Fund or series thereof will be treated as a separate investment company.

8. To engage in Interfund Transactions, the Funds will comply with rule 17a-7 under the Act in all respects other than the requirement that the parties to the transaction be affiliated persons (or affiliated persons of affiliated persons) of each other solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common officers, and/or common directors.

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

Margaret H. McFarland,

Deputy Secretary.

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BILLING CODE 8010-01-M

[Rel. No. IC-22234; 811-8832]

Harcourt-Symes, Ltd f/n/a First August Financial Corporation; Notice of Application

September 19, 1996.

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

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

APPLICANT: Harcourt-Symes, Ltd.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on March 11, 1996 and amended on June 6, 1996 and September 9, 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 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 October 15, 1996, 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 NW., Washington, DC 20549. Applicant, 1550 SW. Allen Blvd., Beaverton, OR 97005.

FOR FURTHER INFORMATION CONTACT: Harry Eisenstein, Senior Counsel, (202) 942-0552, or Alison E. Baur, 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. Applicant was organized as a business corporation in Oregon in 1984 under the name Brandenfels Industries, Inc. The original business of applicant was the manufacture and marketing of butcher tables, cutting blocks and refillable spice grinders. Applicant was not successful in its operations and was involuntarily dissolved on July 29, 1986. Applicant was inactive until July 19, 1988, when it was reinstated in the state of Oregon. After a number of name changes, applicant reorganized as a business development company under the name of First August Financial Corporation in August 1994.

2. On October 25, 1994, applicant filed a notification of registration on Form N-8A pursuant to section 8(a) of the Act to register as a closed-end management investment company. Applicant then filed a registration statement on Form 10 on January 23, 1995 pursuant to section 12 of the Securities Exchange Act of 1934 for the registration of applicant's common stock. SEC records indicate that the registration statement was declared effective on March 24, 1995.

3. On February 1, 1995, applicant filed its notification of election to be regulated as a business development company on Form N-54A pursuant to section 54(a) of the Act.

4. On January 15, 1996, the Board of Directors of applicant unanimously consented, without a meeting, to submit a proposed liquidation and reorganization to the shareholders for their approval. On February 16, 1996, at a special meeting of shareholders, the shareholders approved a plan for the cessation of the business of applicant and its liquidation.

5. On February 16, 1996, applicant changed its name to Mortgage Bankers Service Corporation, and pursuant to an agreement ("Agreement") transferred all

⁶ The staff notes that until recently rule 2830 of the NASD's Rules of Conduct was section 26 of Article III of the NASD Rules of Fair Practice.

⁷ See *Daily Money Fund*, Investment Company Act Release No. 17303 (Jan. 11, 1990).

of its assets to Executive Business Services, Inc. ("Executive") in consideration for the assumption by Executive of all outstanding liabilities of applicant. The aggregate value of the outstanding liabilities of applicant. The aggregate value of the assets transferred was \$54,000 and the liabilities assumed totaled approximately \$184,000.

Applicant was negotiating to acquire Mortgage Bankers Service Corp., a Pennsylvania Corporation. However the acquisition was abandoned. On April 26, 1996, applicant changed its name to Harcourt-Symes, Ltd.

6. Applicant had no assets or debts as of the time of the filing of the application and was not a party to any litigation or administrative proceeding. Applicant has approximately 317 shareholders.

Applicant's Legal Analysis

Applicant believes that an order declaring that it has ceased to be an investment company is appropriate. Applicant states that it mistakenly filed its notification of registration under section 8(a) because it believed that such registration was required in order for applicant to act as a business development company. Applicant states that (a) it is not engaged, does not hold itself out as being engaged, and does not propose to engage, in the business of investing, reinvesting or trading in securities as referred to in section 3(a)(1) of the Act; (b) it is not engaged and does not propose to engage in any of the activities described in section 3(a) (2) and (3) of the Act; and (c) it has withdrawn its election to be regulated as a business development company and is not seeking any assurances from the SEC as to its future status as an investment company under the Act.

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-24649 Filed 9-25-96; 8:45 am]

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[Investment Company Act Release No. 22235; 812-9982]

Morgan Stanley & Co. Incorporated; Notice of Application

September 20, 1996.

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

ACTION: Notice of application for an order under the Investment Company Act of 1940 (the "ACT").

APPLICANT: Morgan Stanley & Co. Incorporated ("Morgan Stanley").

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from sections 12(d)(1) and 14(a) of the Act, and under section 17(b) of the Act for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Morgan Stanley requests an order with respect to the AJL PEPS Trust (the "AJL Trust") and future trusts that are substantially similar to the AJL Trust and for which Morgan Stanley will serve as a principal underwriter (the "New Trusts," and, together with the AJL Trust, the "Trusts") that would (a) permit other registered investment companies to own a greater percentage of the total outstanding voting stock (the "PEPS")¹ of any Trust than that permitted by section 12(d)(1), (b) exempt the New Trusts from the initial net worth requirements of section 14(a), and (c) permit the New Trusts to purchase U.S. government securities from Morgan Stanley at the time of a New Trust's initial issuance of PEPS.

FILING DATES: The application was filed on February 8, 1996 and amended on June 14, 1996 and September 18, 1996. By letter dated September 20, 1996, applicant's counsel stated that an additional amendment, the substance of which is incorporated herein, will be filed during the notice period.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on October 15, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 1585 Broadway, New York, New York 10036.

FOR FURTHER INFORMATION CONTACT: Mary Kay Frech, Senior Attorney, at (202) 942-0579, or Elizabeth G. Osterman, Assistant Director, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

¹ "PEPS" is an acronym for "Premium Exchangeable Participating Shares." The voting stock of a Trust may have a different title, and acronym, reflecting the assets held by the Trust.

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

Applicant's Representations

1. Each Trust will be a limited-life, grantor trust registered under the Act as a non-diversified, closed-end management investment company. Morgan Stanley will serve as a principal underwriter (as defined in section 2(a)(29) of the Act) of the PEPS issued to the public by each Trust.

2. Each Trust will, at the time of its issuances of PEPS, (a) enter into one or more forward purchase contracts (the "Contracts") with a counterparty to purchase a formulaically-determined number of specified equity security or securities (the "Shares") of one specified issuer, and (b) in some cases, purchase certain U.S. Treasury securities ("Treasuries"), which may include interest-only or principal-only securities maturing at or prior to the Trust's termination. The Trusts have purchased or will purchase the Contracts from counterparties that are not affiliated with either the relevant Trust or applicant. The investment objective of each Trust will be to provide to each holder of PEPS ("Holder") (a) current cash distributions from the proceeds of any Treasuries, and (b) limited participation in, and, in some cases, limited exposure to, changes in the market value of the underlying Shares.

3. In all cases, the Share will trade in the secondary market and the issuer of the Shares will be a reporting company under the Securities Exchange Act of 1934. The number of Shares, or the value thereof, that will be delivered to a Trust pursuant to the Contracts may be fixed (e.g., one Share per PEPS issued) or may be determined pursuant to a formula, the product of which will vary with the price of the Shares. A formula generally will result in each PEPS Holder receiving fewer Shares as the market value of such Shares increases, and more Shares as their market value decreases.² At the termination of each Trust, each Holder will receive the number of Shares per PEPS, or the value

² A formula is likely to limit the Holder's participation in any appreciation of the underlying Shares, and it may, in some cases, limit the Holder's exposure to any depreciation in the underlying Shares. It is anticipated that the Holder will receive a yield greater than the ordinary dividend yield on the Shares at the time of the issuance of the PEPS, which is intended to compensate Holders for the limit on the Holder's participation in any appreciation of the underlying Shares. In some cases, there may be an upper limit on the value of the Shares that a Holder will ultimately receive.