

## OFFICE OF PERSONNEL MANAGEMENT

### Federal Prevailing Rate Advisory Committee; Open Committee Meetings

According to the provisions of section 10 of the Federal Advisory Committee Act (Pub. L. 92-463), notice is hereby given that meetings of the Federal Prevailing Rate Advisory Committee will be held on—

Thursday, October 9, 1997  
Thursday, October 23, 1997  
Thursday, November 6, 1997  
Thursday, November 20, 1997  
Thursday, December 11, 1997  
Thursday, December 18, 1997

The meetings will start at 10:00 a.m. and will be held in Room 5A06A, Office of Personnel Management Building, 1900 E Street, NW., Washington, DC.

The Federal Prevailing Rate Advisory Committee is composed of a Chair, five representatives from labor unions holding exclusive bargaining rights for Federal blue-collar employees, and five representatives from Federal agencies. Entitlement to membership on the Committee is provided for in 5 U.S.C. 5347.

The Committee's primary responsibility is to review the Prevailing Rate System and other matters pertinent to establishing prevailing rates under subchapter IV, chapter 53, 5 U.S.C., as amended, and from time to time advise the Office of Personnel Management.

These scheduled meetings will start in open session with both labor and management representatives attending. During the meetings either the labor members or the management members may caucus separately with the Chair to devise strategy and formulate positions. Premature disclosure of the matters discussed in these caucuses would unacceptably impair the ability of the Committee to reach a consensus on the matters being considered and would disrupt substantially the disposition of its business. Therefore, these caucuses will be closed to the public because of a determination made by the Director of the Office of Personnel Management under the provisions of section 10(d) of the Federal Advisory Committee Act (Pub. L. 92-463) and 5 U.S.C. 552b(c)(9)(B). These caucuses may, depending on the issues involved, constitute a substantial portion of a meeting.

Annually, the Chair compiles a report of pay issues discussed and concluded recommendations. These reports are available to the public, upon written request to the Committee's Secretary.

The public is invited to submit material in writing to the Chair on

Federal Wage System pay matters felt to be deserving of the Committee's attention. Additional information on this meeting may be obtained by contacting the Committee's Secretary, Office of Personnel Management, Federal Prevailing Rate Advisory Committee, Room 5559, 1900 E Street, NW., Washington, DC 20415 (202) 606-1500.

Dated: September 4, 1997.

**Phyllis G. Heuerman,**

*Chair, Federal Prevailing Rate Advisory Committee.*

[FR Doc. 97-23889 Filed 9-9-97; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22808; 813-154]

### Credit Suisse First Boston, Inc.; Notice of Application

September 3, 1997.

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

**ACTION:** Notice of application for order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the "Act") granting an exemption from all provisions of the Act, except section 9, section 17 (except for certain provisions of paragraphs (a), (d), (f), (g), and (j) of section 17), sections 36 through 53, and the rules thereunder.

**SUMMARY OF APPLICATION:** Applicant Credit Suisse First Boston, Inc. requests an order to exempt certain investment funds formed for the benefit of key employees of applicant and its affiliates from most of the provisions of the Act, and to permit the funds to engage in certain joint arrangements. Each fund will be an "employees' securities company" as defined in section 2(a)(13) of the Act.

**FILING DATES:** The application was filed on October 9, 1996, and amended on March 17, June 13, and July 15, 1997. Applicant has agreed to file an amendment during the notice period, the substance of which is included in this notice.

**HEARING OF 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 September 26, 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 may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicant, 11 Madison Avenue, New York, New York 10010.

**FOR FURTHER INFORMATION CONTACT:** H.R. Hallock, Jr., Special Counsel, at (202) 942-0564, or Mercer E. Bullard, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation). **SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee by writing the SEC's Public Reference Branch at 450 Fifth Street, NW., Washington, DC 20549, or by telephone at (202) 942-8090.

### Applicant's Representations

1. Applicant, a Delaware corporation, is a subsidiary of Credit Suisse First Boston, a Swiss bank. Credit Suisse First Boston is in turn a subsidiary of Credit Suisse Group (formerly CS Holding), a publicly-held Swiss corporation. Applicant and its affiliates (as defined in rule 12b-2 under the Securities Exchange Act of 1934 (the "1934 Act")) (the "CSFB Companies") provide a range of banking, investment, and financial services to corporations, governments, and other clients throughout the world. Credit Suisse First Boston Corporation ("CSFB Corporation"), a registered broker-dealer under the 1934 Act and a registered investment adviser under the Investment Advisers Act of 1940, is one of applicant's principal subsidiaries.

2. Applicant proposes to form one or more limited partnerships, business trusts or limited liability companies ("Partnerships").<sup>1</sup> The Partnerships, each of which will operate as a closed-end investment company, will enable certain key employees of the CSFB Companies to participate in investment opportunities that come to the Companies' attention. The investment objectives and strategies for each Partnership will be set forth in a private placement memorandum given to investors in the Partnership ("Limited Partners").

3. Each Partnership will have a general partner or manager ("General

<sup>1</sup> The constituent agreements of the Partnerships are referred to in this notice as "limited partnership agreements."

Partner") whose executive officers and directors will be employees of CSFB Companies who are eligible to invest in the Partnership. The General Partner will manage and make all investment decisions for the Partnerships, except for certain responsibilities delegated to a manager or administrator.

4. Interests in the Partnerships ("Units") will be offered without registration in reliance on section 4(2) or another exemption in the Securities Act of 1933 (the "1933 Act") and will be sold without a sales load. Units will be sold only (a) to current and former officers, directors, employees, and persons on retainer of a CSFB Company who have been approved to purchase Units by the General Partner ("Eligible Employees"); (b) to immediate family members of such Eligible Employees ("Qualified Family Members"), and (c) to trusts or other investment vehicles established by such Eligible Employees for their benefit and/or the benefit of their immediate families (collectively with Eligible Employees and Qualified Family Members, "Qualified Participants").

5. Eligible Employees and Qualified Family Members must be "accredited investors" meeting the income requirements set forth in rule 501(a)(6) of Regulation D under the 1933 Act. In addition, the General Partner must reasonably believe, prior to offering Units to an Eligible Employee or Qualified Family Member, that the individual is capable of evaluating the merits and risks of the partnership investment and is able to bear the economic risk and afford a complete loss of the investment.

6. The General Partner may be paid an annual management fee by the Partnership. The General Partner or another CSFB Company also may receive a performance-based fee ("carried interest"), based on Partnership gains and losses, as well as other compensation, such as fees in connection with Partnership investments. CSFB Corporation and other CSFB Companies may be compensated for services to companies in which the Partnerships invest and may otherwise engage in normal business activities that conflict with the interests of the Partnerships. Applicant believes these conflicts will be mitigated by the community of interest among the CSFB Companies and the Limited Partners.

7. Partnership net profits and losses will be allocated to the General Partner and the Limited Partners in the same proportion as their respective paid-in capital to the Partnership, except that Limited Partner capital accounts will

not be reduced below zero, the General Partner may receive a carried interest, and certain adjustments may be made for federal income tax purposes. A General Partner or another CSFB Company may contribute capital to a Partnership in an amount up to 10 times the amount contributed by Limited Partners. The General Partner or other CSFB Company may receive, instead of an allocation of profits and losses, a cumulative return on part of such contribution at a rate based on the prime lending rate or similar measure. A CSFB Company also may lend money to a Partnership at an annual rate no less favorable than the rate obtainable on an arm's-length basis.

8. Partnerships generally will co-invest with CSFB Companies in investment funds sponsored or advised by the CSFB Companies or third parties, or directly in securities of operating companies. A Partnership will co-invest side-by-side and pro rata with, and on at least as favorable terms as, a CSFB Company. A co-investment by a Partnership generally will not exceed 50% of the combined investments of the Partnership and CSFB Company. In the event a Partnership participates in an investment in which no CSFB Company participates but in connection with which a CSFB Company may receive some economic benefit, the Partnership will invest the lesser of (a) 20% of the total investment made by all investors, (b) 20% of the Partnership's committed capital, and (c) the largest investment made by any other investor not affiliated with CS First Boston.

9. Limited Partners will not be allowed to transfer their Units without the consent of the General Partner, and then only to Qualified Participants. If a limited Partner terminates employment with a CSFB Company, the Units may be redeemed by the Partnership or purchased by the CSFB Company. The terms of such redemptions or purchases, including the possibility of forfeiture for failure to make required capital contributions, will be fully disclosed when Partnership Units are offered. The purchase or redemption price will not be less than the lower of (a) the amount invested plus interest or (b) the fair value (as determined by the General Partner) of the Units at the end of the Partnership's fiscal year in which such termination occurs, less any amounts forfeited for failure to make required capital contributions. The General Partner will limit any forfeiture to not more than 25% of a defaulting Limited Partner's capital account balance.

10. Partnerships will have a scheduled term that may be extended for additional periods by the General

Partner or by vote of the Limited Partners. A Partnership will be dissolved upon (a) the Partnership's insolvency or sale of substantially all of its assets; (b) a determination by the General Partner that continued operation of the Partnership might be inconsistent with its fundamental investment purpose or involve a violation of law; (c) the vote of Limited Partners holding a majority of Units; or (d) the Limited Partners' failure to replace a General Partner. In the event of dissolution, the Partnership's net assets will be distributed to partners pro rata based on their respective capital accounts as provided in the limited partnership agreement.

11. The General Partner will send the Limited Partners of each Partnership annual reports regarding its operations, investment activities, and current valuation of assets. Except for Partnerships formed to make a single investment, such reports will contain audited financial statements with disclosure of outstanding borrowings. The General Partner also will send annual reports to Limited Partners setting forth tax information necessary for the preparation of tax returns.

#### **Applicant's Legal Analysis**

1. Section 6(b) of the Act provides, in part, that the SEC shall exempt employees' securities companies from the provisions of the Act to the extent that such exemption is consistent with the protection of investors. Section 6(b) provides that the Commission shall consider, in determining which provisions of the Act from which the company should be exempt, the company's form of organization and capital structure, the persons owning and controlling its securities, the price of the company's securities and the amount of any sales load, how the company's funds are invested, and the relationship between the company and the issuers of the securities in which it invests. Section 2(a)(13) defines an employees' security company, in relevant part, as any investment company all of whose securities are beneficially owned (a) by current or former employees, or persons on retainer, of one or more affiliated employers, (b) by immediate family members of such persons, or (c) by such employer or employers together with any of the persons in (a) or (b).

2. Section 7 of the Act generally prohibits investment companies that are not registered under section 8 from selling or redeeming their securities. Section 6(e) provides that, in connection with any order exempting an investment company from any provision of section

7, certain provisions of the Act, as specified by the SEC, shall be applicable to the company and other persons dealing with the company as though such company were registered under the Act. Applicant requests an order under sections 6(b)) and 6(e) exempting the Partnerships from all provisions of the Act except section 9, section 17 (except for certain provisions of sections 17(a), (d), (f), (g), and (j)), sections 36 through 53, and the rules and regulations thereunder.

3. Applicant believes that, under the factors set forth in section 6(b)), it is appropriate to grant the requested exemption. Applicant notes that all directors and senior officers of the General Partner will be eligible employees, all Limited Partners will be Qualified Participants, and the General Partner itself will invest in the Partnerships. Applicant also notes that Units will be sold without a sales load and that no compensation will be paid to the General Partner other than as provided in the limited partnership agreement.

4. Applicant submits that the protections of the Act generally are unnecessary in view of the community of interest among the CSFB Companies and the Limited Partners. Applicant also notes that the CSFB Companies generally will invest side by side with the Partnerships, and the Partnerships will be managed by persons who will also be Limited Partners and not third parties seeking to benefit from providing services to or engaging in transactions with the Partnership. Applicant states that the Partnerships are designed to provide capital building opportunities to key employees that are competitive with those at other financial services firms and to facilitate the recruitment of high caliber professionals. Applicant notes that the Partnerships will benefit the Limited Partners by providing the opportunity to participate in investments that would not otherwise be available to them.

5. Applicant contends that requiring the Partnerships to comply with various provisions of the Act would be unnecessarily burdensome. Applicant asserts that the Partnerships' operation is not likely to present the abuses the Act is intended to address, and that the limited partnership agreements will provide substantial protection to the Limited Partners, including specific requirements regarding appraisals and access to Partnership reports and limits on the authority of the General Partner. Applicant also believes that Eligible Employees and Qualified Family Members, as financially sophisticated

persons, generally do not require the protections of the Act.

6. Section 17(a) generally prohibits any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, from knowingly selling or purchasing any security or other property to or from such company. Applicant requests an exemption from section 17(a) to permit a Partnership generally to purchase securities owned or issued by, and to sell securities and lend money to: (a) Any CSFB Company or other affiliated person of applicant (a "Section 17(a) Affiliate"); (b) entities sponsored, managed, or advised by a Section 17(a) Affiliate; (c) entities whose securities are underwritten by a Section 17(a) Affiliate or an affiliated person of such Affiliate; and (d) entities with certain other business relationships with Section 17(a) Affiliates.

7. Applicant submits that the requested exemptions from section 17(a) are consistent with the purposes of the Partnerships and the protection of investors. Applicant believes that an exemption from section 17(a) is necessary to enable the Partnerships to participate in attractive investments that may be offered by CSFB Companies. Applicant asserts that the private placement memorandum will describe the possible extent of a Partnership's dealings with Section 17(a) Affiliates, and the Limited Partners will be able to evaluate the risks associated with those dealings. Applicant also asserts that the community of interest among the Limited Partners and CSFB companies will reduce the risk of abuse in such transactions.

8. Section 17(d) and rule 17d-1 prohibit any affiliated person or principal underwriter of a registered investment company, or any affiliated person of such person or principal underwriter, acting as principal, from participating in any joint arrangement with the company unless authorized by the SEC. Applicant requests exemptive relief to permit a Partnership to invest in an entity in which another Partnership, CSFB Company, or certain affiliated persons also invest. Applicant submits that the requested relief for co-investments is consistent with section 17(d)'s objective of preventing an investment company affiliate from causing the company to participate in a joint endeavor on a disadvantageous basis. Applicant also submits that the community of interest among the Limited Partners and the CSFB companies makes it unlikely that a co-investor would enter into a transaction with a Partnership with an intent to disadvantage the Partnership. In

addition, applicant claims that strict compliance with section 17(d) and rule 17d-1 would prevent the Partnerships from participating in attractive investments solely because an affiliate of the Partnership also may participate in the investment. Finally applicant contends that the possibility that a Partnership may be disadvantaged by the participation of an affiliate in a transaction will be minimized by compliance with the lockstep procedures described above.

9. Section 17(f) designates the entities that may act as investment company custodians, and rule 17f-1 imposes certain requirements when the custodian is a member of a national securities exchange. To the extent that a Partnership's assets may be held in custody by an exchange member, applicant requests an exemption from the requirements of paragraphs (a) and (c) of rule 17f-1 that the custodial agreement be in writing and transmitted to the SEC. Applicant also requests an exemption from the requirement of paragraph (b)(4) of rule 17f-1 that independent accountants periodically verify the assets held by the custodian. Applicant submits that, because of the community of interest of the Partnerships and the CSFB Companies and applicant's commitment to arrange for an annual audit, compliance with these requirements of the rule would be unnecessarily burdensome and expensive.

10. Section 17(g) and rule 17g-1 generally require the bonding of officers and employees of a registered investment company who have access to its securities or funds. Rule 17g-1 requires that a majority of directors who are not "interested persons" (as defined in section 2(a)(19)) take certain actions and give certain approvals relating to fidelity bonding. Applicant requests relief from this requirement because all the directors of the entity controlling the General Partner will be interested persons, and the Partnerships therefore could not comply with this bonding requirement. Applicant believes that the community of interest among the directors and officers of the General Partner, some of whom will likely be Limited Partners, and other Limited Partners makes it unnecessary to comply with the requirements.

11. Section 17(j) and paragraph (a) of rule 17j-1 make it unlawful for certain enumerated persons to engage in fraudulent or deceptive practices in connection with the purchase or sale of a security held or to be acquired by a registered investment company. Rule 17j-1 also requires that every registered investment company adopt a written

code of ethics and that every access person of a registered investment company report personal securities transactions. Applicant requests an exemption from the provisions of rule 17j-1, except for the antifraud provisions of paragraph (a), because they were unnecessarily burdensome as applied to the Partnerships.

#### Applicant's Conditions

Applicant agrees that any order granting the requested relief shall be subject to the following conditions:

1. Each proposed transaction involving a Partnership otherwise prohibited by section 17(a) or section 17(d) of the Act and rule 17d-1 thereunder (the "Section 17 Transactions") will be effected only if the General Partner determines that: (a) The terms of the transaction, including the consideration to be paid or received, are fair and reasonable to the Limited Partners and do not involve overreaching of the Partnership or its Limited Partners on the part of any person concerned; and (b) the transaction is consistent with the interests of the Limited Partners, the Partnership's organizational documents, and the Partnership's reports to its Limited Partners. In addition, the General Partner will record and preserve a description of such affiliated transactions, its findings, the information or materials upon which its findings are based, and the basis for the findings. All such records will be maintained for the life of the Partnership and at least two years thereafter, and will be subject to examination by the SEC and its staff.<sup>2</sup>

2. In connection with Section 17 Transactions, the General Partner will adopt, and periodically review 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 or promoter of or principal underwriter for the Partnership, or any affiliated person of such person, promoter, or principal underwriter.

3. The General Partner will not invest the funds of any Partnership in any investment in which an Affiliated Co-Investor (as defined below) 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 an Affiliated Co-Investor are participants, unless any such Affiliated Co-Investor, prior to disposing of all or part of its investment, (a) gives the General Partner sufficient, but not less than one day's, notice of its intent to dispose of its investment, and (b) refrains from disposing of its investment unless the Partnership has the opportunity to dispose of the Partnership's investment prior to or concurrently with, on the same terms as, and pro rata with the Affiliated Co-Investor. The term "Affiliated Co-Investor" means any person who is: (a) An affiliated person of the Partnership (other than an investment company or other fund which is offered, sponsored, advised or managed by a CSFB Company and which includes investors who are not CSFB Companies); (b) a CSFB Company; (c) an officer or director of a CSFB Company, or (d) a company in which the General Partner of such Partnership acts as general partner or has a similar capacity to control the sale or other disposition of the company's securities. The restrictions contained in this condition, however, shall not be deemed to limit or prevent the disposition of an investment by an Affiliated Co-Investor: (a) To its direct or indirect majority-owned subsidiary, to any company (a "Parent") of which the Affiliated Co-Investor is a direct or indirect majority-owned subsidiary, or to a direct or indirect majority-owned subsidiary of its Parent; (b) to immediate family members of the Affiliated Co-Investor or a trust established for any Affiliated Co-Investor or any such family member; or (c) when the investment is comprised of securities that are (i) listed on a national securities exchange registered under section 6 of the 1934 Act; (ii) national market system securities pursuant to section 11A(a)(2) of the 1934 Act and rule 11Aa2-1 thereunder; or (iii) government securities as defined in section 2(a)(16) of the Act.

4. Each Partnership and its General Partner will maintain and preserve, for the life of each such 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 such Partnership required by the terms of the applicable partnership agreement, to be sent to the Limited Partners, and agree that all such records

will be subject to examination by the SEC and its staff.<sup>3</sup>

5. The General Partner will send Partnership financial statements to each Limited Partner who had an interest in a Partnership at any time during the fiscal year then ended. Except for Partnerships formed to make a single investment, the statements will be audited by the Partnership's independent accountants. At the end of each fiscal year, the General Partners will make a valuation or have a valuation made of all of the assets of the Partnership as of such fiscal year end. In addition, within 90 days after the end of each fiscal year of each of the Partnerships or as soon as practicable thereafter, the General Partner shall send a report to each person who was a Limited Partner at any time during the fiscal year then ended setting forth such tax information as shall be necessary for the preparation by the Limited Partner of his or her federal and state income tax returns, and a report of the investment activities of the Partnership during each year.

6. Whenever a Partnership makes a purchase from or sale to an entity affiliated with a Partnership by reason of a 5% or more investment in such entity by a CSFB Company director, officer, or employee, or person on retainer, such individual will not participate in the General Partner's determination of whether or not to effect such purchase or sale.

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

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 97-23953 Filed 9-9-97; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22807; 812-10714]

### Style Select Series, Inc., et al.; Notice of Application

September 3, 1997.

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

**ACTION:** Notice of application for an exemption under section 17(b) of the Investment Company Act of 1940 (the "Act") from section 17(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order to permit a series of the

<sup>2</sup> Each partnership will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

<sup>3</sup> Each Partnership will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.