

## UNITED STATES POSTAL SERVICE BOARD OF GOVERNORS

### Sunshine Act Meeting

#### Governors Vote to Close Meeting

In person and by telephone vote on May 12, 1998, a majority of the Governors contacted and voting, the Governors voted to close to public observation a meeting held in Washington, D.C. The Governors determined that prior public notice was not possible.

*Item Considered:* 1. Appointment and Compensation of the Postmaster General.

*General Counsel Certification:* The General Counsel of the United States Postal Service has certified that the meeting was properly closed under the Government in the Sunshine Act.

*Contact Person for More Information:* Requests for information about the meeting should be addressed to the Secretary of the Board, Thomas J. Koerber, at (202) 268-4800.

**Thomas J. Koerber,**

Secretary.

[FR Doc. 98-18914 Filed 7-14-98; 8:45 am]

BILLING CODE 7710-12-M

## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

Upon Written Request, Copies Available  
From: Securities and Exchange  
Commission, Office of Filings and  
Information Services, Washington, DC  
20549.

Extension:

Rule 11Ac1-4, SEC File No. 270-405, OMB  
Control No. 3235-0462

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. § 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 11Ac1-4 (17 CFR § 240.11Ac1-4) under the Securities Exchange Act of 1934 requires specialists and market makers to publicly display a customer limit order when that limit order is priced superior to the quote that is currently being displayed by the specialist or market maker. Customer limit orders that match the bid or offer being displayed by the specialist or

market maker must also be displayed if the limit order price matches the national best bid or offer. It is estimated that approximately 580 broker and dealer respondents incur an average burden of 5,684 hours per year to comply with this rule.

Rule 11Ac1-4 does not contain record retention requirements. Compliance with the rule is mandatory. Responses are not confidential. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid control number.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W., Washington, DC 20549.

Dated: July 7, 1998.

**Margaret H. McFarland,**

Deputy Secretary.

[FR Doc. 98-18761 Filed 7-14-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23306; 812-10578]

### Calvert Social Investment Fund, et al.; Notice of Application

July 8, 1998.

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

**ACTION:** Notice of application for an order under sections 6(c) and 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act and under section 17(d) of the Act and rule 17d-1 under the Act.

**SUMMARY OF APPLICATION:** Applicants request an order to permit certain

registered investment companies to invest up to a specified percentage of their assets in an affiliated non-profit social and community development foundation.

**APPLICANTS:** Calvert Social Investment Fund ("CSIF"), The Calvert Fund, Calvert World Values Fund, Inc. and any existing or future registered investment company, advised by Calvert Asset Management Company, Inc. ("CAMCO") and whose investment policies permit investment in the Calvert Social Investment Foundation ("Funds").<sup>1</sup>

**FILING DATES:** The application was filed on March 17, 1997, and amended on September 2, 1997, May 18, 1998, and June 11, 1998.

**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 3, 1998, 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, 4550 Montgomery Avenue, Bethesda, MD 20814.

**FOR FURTHER INFORMATION CONTACT:** Mary Kay Frech, 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 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

### Applicant's Representations

1. Each Fund is registered under the Act as an open-end management investment company. CSIF and The Calvert Fund are organized as Massachusetts business trusts. The Calvert World Values Fund, Inc. is organized as a Maryland corporation.

<sup>1</sup> All existing Funds that currently intend to rely on the order have been named as applicants. Any other existing Funds and any future Funds will rely on the order only in accordance with its terms and conditions.

The Funds' investment adviser is CAMCO, an investment adviser registered under the Investment Advisers Act of 1940.

2. Each Fund's investment policy permits it to invest a specified percentage of its assets in high social impact investments ("HSII") that offer a rate of return below the prevailing market rate and that present attractive opportunities for furthering the Fund's social criteria.<sup>2</sup> HSII are typically illiquid and unrated and generally considered non-investment grade debt securities which involve a greater risk of default or price decline than investment-grade securities. Each Funds' investments in HSII were approved by the Fund's shareholders.

3. The Funds currently invest directly in community organizations and other HSII. Applicants propose to invest assets, allocated for investment in HSII, in the Calvert Social Investment Foundation ("Foundation"). The Foundation will then place the assets in the community.

4. The Foundation is a non-profit organization that seeks to use community development opportunities to assist the poor, correct social injustices, and improve society in a proactive way. The Foundation's securities are exempt from registration under section 3(a)(4) of the Securities Act of 1933. The Foundation is exempt from registration as an investment company under section 3(c)(10)(A) of the Act. The Foundation has nine directors, eight of whom are members of CSIF's board of trustees, four of whom are members of The Calvert Fund's board of trustees, and four of whom are members of the Calvert World Values Fund, Inc.'s board of directors.

5. The Foundation receives grants and loans from various foundations and Acacia Mutual Life Insurance Company ("Acacia"), the parent company of the Funds' investment adviser. The Foundation also receives funding from individual investors, through a program called Calvert Community Investments ("CI"). Investments in the Foundation are evidenced by Calvert Community Investments notes ("CI Notes"). Investors in CI Notes are allowed to choose the interest rate (ranging from 0% to 4%) that they would like to

receive on their investment. The average interest rate currently for CI Notes is 3%. The Foundation generally realizes a basis point spread on each investment to cover administrative and overhead costs. The basis point spread is the difference between the interest rate that purchasers of the CI Notes receive and the average interest rate at which the Foundation makes investments in community development organizations.

6. Under the proposed arrangement, each Fund will receive a CI Note evidencing its investment in the Foundation. The Funds' boards of trustees/directors ("Boards") will determine the interest rate and the maturity of the CI Notes that the Funds receive from the Foundation. The Funds' assets invested in the Foundation will be pooled with the Foundation's other assets and will be used by the Foundation to make investments in community development organizations. The Foundation's investments are evidenced by promissory notes at below market rates in amounts between \$50,000 and \$500,000 each and for terms of one, three, or five years, with interest rate currently ranging from 4.5% to 8.8%. Applicants expect that a Fund will invest in the CI Notes quarterly.

7. Each Fund will invest its HSII assets in the CI Notes only in accordance with its investment objectives, policies and restrictions. Each Fund's Board will monitor this proposed arrangement to ensure that it is consistent with the Fund's investment objectives, policies and restrictions. Each Fund's Board also will periodically review the adequacy of the Fund's disclosure of the proposed arrangement and of the possible risks of loss to the Fund and its shareholders. The percentage of each Fund's assets which may be invested in HSII will not be increased without shareholder approval. Any future Fund relying on the requested relief will obtain prior shareholder approval to invest in the Foundation.

8. Neither the Funds, CAMCO, nor the Funds' subadvisers will invest directly in the organizations in which the Foundation invests or plans to invest. Neither Acacia, CAMCO, nor the Funds' subadvisers will invest in the Foundation by purchasing CI Notes. Further, neither CAMCO nor any subadviser will receive any compensation for the Funds' investment in CI Notes.

## Applicants' Legal Analysis

### A. Section 17(a)

1. Section 17(a) of the Act makes it unlawful for any affiliated person of a registered investment company, acting as principal, to sell or purchase any security to or from the company. Section 2(a)(3) of the Act defines an affiliated person of an investment company as any person directly or indirectly controlling, controlled by, or under common control with such investment company, and any officer, director, partner, copartner, or employee of the investment company. Section 2(a)(36) defines a security to include, among other things, any note, stock treasury stock, or evidence of indebtedness. Applicants believe that the Foundation may be considered to be an affiliated person of the Funds due to common directors/trustees that serve on the boards of the Funds and the Foundation. Thus, investment by the Funds in the CI Notes may be prohibited by section 17(a).

2. Section 17(b) of the Act authorizes the SEC to exempt a transaction from section 17(a) if the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the proposed transaction is consistent with the policy of each investment company concerned and the general purposes of the Act. Section 6(c) authorizes the Commission to exempt transactions from the provisions of the Act to the extent that such exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act.

3. Applicants believe that the Funds' proposed investment in the Foundation meets the standards of section 17(b) and 6(c). Applicants state that the Fund's investment in the Foundation will be consistent with each Fund's investment objectives, policies and restrictions and that investment in HSII has been approved by each Fund's shareholders. Applicants assert that each Fund will likely recognize certain economies of scale by having the Foundation undertake analysis, placing and processing of prospective investments in HSII. Each Fund's investments in HSII through the Foundation will be on the same terms and in the same amounts as currently made directly, with comparable rates of interest.

### B. Section 17(d) and Rule 17d-1

1. Section 17(d) of the Act and rule 17d-1 prohibit an affiliated person of a

<sup>2</sup> CSIF's investment policy permits investment of less than 1% of its assets in HSII. The policies of the Calvert International Equity Fund (a series of the Calvert World Values Fund, Inc.) and the Calvert New Vision Small Cap Fund (a series of The Calvert Fund) permit investment up to 1% and 3%, respectively, of their assets in HSII. The policy of the Calvert Capital Accumulation Fund (a series of Calvert World Values Fund, Inc.) permits investment of up to 3% of its assets in HSII when its assets reach \$100 million.

registered investment company, acting as principal, from participating in any joint arrangement with the investment company unless the SEC has issued an order authorizing the arrangement. Applicants believe that each Fund may be deemed to be participating in a joint transaction with each other Fund through the pooling of assets in the Foundation, and that the Funds could be deemed to be participating in a joint transaction with the Foundation through their investments in HSII.

2. In determining whether to grant an exemption under rule 17d-1, the SEC considers whether the investment company's participation in the joint enterprises is consistent with the provisions, policies and purposes of the Act, and the extent to which such participation is on a basis different from or less advantageous than that of other participants. Applicants assert that all investors in the Foundation will participate on the same basis.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-18760 Filed 7-14-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23308; 812-10008]

### Corporate Income Fund, et al.; Notice of Application

July 9, 1998.

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

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

**SUMMARY OF APPLICATION:** Applicants request an order under section 6(c) of the Investment Company Act of 1940 to permit certain unit investment trusts to invest up to 10.5% of their assets in securities of an issuer that derives more than 15% of its gross revenues from securities-related activities.

**APPLICANTS:** Corporate Income Fund, Equity Income Fund, International Bond Fund, and Defined Asset Funds, each on behalf of its component unit investment trust (each a "Trust").

**FILING DATES:** The application was filed on February 22, 1996, and amended on July 10, 1996, January 13, 1997, and January 23, 1998.

**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 3, 1998, 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, DC 20549. Applicants, c/o Merrill Lynch, Pierce, Fenner & Smith Inc., P.O. Box 9051, Princeton, N.J. 08543-9051, Attention: Teresa Koncick, Esq.

**FOR FURTHER INFORMATION CONTACT:** Mary T. Geffroy, Senior Counsel, (202) 942-0553, or Nadya B. Roytblat, Assistant Director, (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, 450 Fifth St. N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

### Applicant's Representations

1. Each applicant is a unit investment trust registered under the Act and composed of one or more separate Trusts. The depositors of the Trusts are Merrill Lynch, Pierce, Fenner & Smith Inc., PaineWebber Inc., Smith Barney Inc., and Dean Witter Reynolds Inc. (collectively, the "Sponsors").

2. Each Trust pursues its investment objective by investing over its life in a fixed portfolio of securities. Following the initial deposit of securities in a Trust, the Sponsors may, in response to investor demand for units, deposit additional securities. Subsequent deposits of securities into the Trust must generally maintain the original proportionate relationship among the securities comprising the Trust's portfolio.

3. Disposition of a Trust's portfolio securities is generally limited to sales made in response to redemptions of units and at the termination of the Trust. Other than these specific instances, the Sponsors' discretion to sell a Trust's portfolio securities is limited to narrow circumstances, principally: a default in payment by an issuer; the institution of certain legal

proceedings; a default under certain documents adversely affecting the future declaration of dividends or payment of amounts due by an issuer; to maintain a Trust's qualification under the federal tax laws; to remain consistent with a Trust's investment objectives; or the occurrence of certain other market or credit factors that, in the opinion of the Sponsors, would make the retention of certain securities in a Trust detrimental to the interest of the unitholders.

4. Applicants would like the flexibility to invest up to 10.5% of a Trust's assets in securities of an issuer that derives more than 15% of its gross revenues from securities-related activities (as defined below). No Trust will invest in securities issued by any of the Sponsors or other underwriters for the Trusts.

### Applicants' Legal Analysis

1. Section 12(d)(3) of the Act generally prohibits a registered investment company from acquiring any security issued by any person who is a broker, dealer, investment adviser, or engaged in the business of underwriting (collectively, "securities-related activities"). Rule 12d3-1 under the Act, in relevant part, exempts from the prohibition of section 12(d)(3) purchases of securities of an issuer that derives more than 15% of its gross revenues from securities-related activities if certain conditions are met. One of these conditions, set forth in rule 12d3-1(b)(3), requires that, immediately after the acquisition, the investment company has invested not more than 5% of the value of its total assets in securities of the issuer.

2. Applicants request an exemption from rule 12d3-1(b)(3) to permit a Trust to invest up to 10.5% of its assets in securities of an issuer that derives more than 15% of its gross revenues from securities-related activities. Applicants will comply with all other requirements of rule 12d3-1.

3. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

4. Applicants state that section 12(d)(3) was designed to prevent certain potential conflicts of interest and to eliminate certain reciprocal practices between investment companies and securities-related businesses. One potential abusive practice is that an