

Dated: August 31, 1998.

M. Rebecca Winkler,

Committee Management Officer.

[FR Doc. 98-23809 Filed 9-2-98; 8:45 am]

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NUCLEAR REGULATORY COMMISSION

Regulatory Guide; Issuance, Availability

The Nuclear Regulatory Commission has issued a new guide in its Regulatory Guide Series. This series has been developed to describe and make available to the public such information as methods acceptable to the NRC staff for implementing specific parts of the Commission's regulations, techniques used by the staff in evaluating specific problems or postulated accidents, and data needed by the staff in its review of applications for permits and licenses.

Regulatory Guide 3.71, "Nuclear Criticality Safety Standards for Fuels and Material Facilities," has been developed to provide guidance on procedures for preventing nuclear criticality accidents in operations involving handling, processing, storing, and transporting special nuclear material at fuels and material facilities. This guide endorses specific ANSI/ANS-8 nuclear criticality safety standards of the American National Standards Institute/American Nuclear Society for these purposes. The guide also consolidates and replaces the guidance from a number of regulatory guides, thereby withdrawing those regulatory guides. Regulatory Guide 3.71 is not intended to be used by nuclear reactor licensees.

Comments and suggestions in connection with items for inclusion in guides currently being developed or improvements in all published guides are encouraged at any time. Written comments may be submitted to the Rules and Directives Branch, Division of Administrative Services, Office of Administration, U.S. Nuclear Regulatory Commission, Washington, DC 20555.

Regulatory guides are available for inspection at the Commission's Public Document Room, 2120 L Street NW., Washington, DC. Single copies of regulatory guides may be obtained free of charge by writing the Office of Administration, Attention: Printing, Graphics and Distribution Branch, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by fax at (301)415-2260. Issued guides may also be purchased from the National Technical Information Service on a standing order basis. Details on this

service may be obtained by writing NTIS, 5285 Port Royal Road, Springfield, VA 22161. Regulatory guides are not copyrighted, and Commission approval is not required to reproduce them.
(5 U.S.C. 552(a))

Dated at Rockville, Maryland, this 18th day of August 1998.

For the Nuclear Regulatory Commission.

Ashok C. Thadani,

Director, Office of Nuclear Regulatory Research.

[FR Doc. 98-23813 Filed 9-2-98; 8:45 am]

BILLING CODE 7590-01-P

OFFICE OF PERSONNEL MANAGEMENT

Federal Employees Health Benefits Program, Medically Underserved Areas for 1999

AGENCY: Office of Personnel Management.

ACTION: Notice of Medically Underserved Areas for 1999.

SUMMARY: The Office of Personnel Management has completed its annual calculation of the States that qualify as Medically Underserved Areas under the Federal Employees Health Benefits (FEHB) Program for the calendar year 1999. This is necessary to comply with a provision of FEHB law that mandates special consideration for enrollees of certain FEHB plans who receive covered health services in states with critical shortages of primary care physicians. Accordingly, for calendar year 1999, OPM's calculations show that the following States are Medically Underserved Areas under the FEHB Program: Alabama, Idaho, Louisiana, Mississippi, New Mexico, North Dakota, South Carolina, South Dakota, and Wyoming. West Virginia has been removed from the 1998 list, and Idaho and North Dakota have been added.
EFFECTIVE DATE: January 1, 1999.

FOR FURTHER INFORMATION CONTACT: Kenneth A. Lease, 202-606-0004.

SUPPLEMENTARY INFORMATION: FEHB law [5 U.S.C. 8902(m)(2)] mandates special consideration for enrollees of certain FEHB plans who receive covered health services in States with critical shortages of primary care physicians. Such States are designated as Medically Underserved Areas for purposes of the FEHB Program, and the law requires payment to all qualified providers in the States.

FEHB regulations (5 CFR 890.701) require OPM to make an annual calculation of the States that qualify as

Medically Underserved Areas for the next calendar year by comparing the latest Department of Health and Human Services State-by-State population counts on primary medical care manpower shortage areas with U.S. Census figures on State resident population.

Office of Personnel Management.

Janice R. Lachance,

Director.

[FR Doc. 98-23694 Filed 9-2-98; 8:45 am]

BILLING CODE 6325-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23418; 812-10912]

State Street Bank and Trust Company, et al.; Notice of Application

August 27, 1998.

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

ACTION: Notice of application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 ("Act") for an exemption from section 12(d)(1) of the Act, under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act, under section 6(c) of the Act for an exemption from section 17(e) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint transactions.

SUMMARY OF THE APPLICATION:

Applicants request an order to permit certain registered investment companies and private funds ("Lending Funds") to use cash collateral from securities lending transactions ("Cash Collateral") to purchase shares ("Shares") of one or more series of State Street Navigator Securities Lending Trust (the "Trust") and to pay fees based on a share of the revenue generated from securities lending transactions to State Street Bank and Trust Company ("State Street"). The order also would permit State Street and certain of its affiliates ("State Street Entities") to engage in principal transactions with, and receive brokerage commissions from, certain Lending Funds that are affiliated with State Street or State Street Entities solely as a result of investing Cash Collateral in the Trust.

APPLICANTS: State Street, the Trust, and SSgA Funds.

FILING DATES: The application was filed on December 22, 1997. Applicants have agreed to file an amendment during the notice period, the substance of which is described in this notice.

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 September 21, 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, NW., Washington, DC 20549. State Street, Two International Place, Boston, MA 02110; Trust, c/o Raymond P. Boulanger, Exchange Place, 25th Floor, Boston, MA 02109; SSgA Funds, 909 A Street, Tacoma, WA 98402.

FOR FURTHER INFORMATION CONTACT: Michael W. Mundt, Staff Attorney, at (202) 942-0578, or Mary Kay Frech, Branch Chief, at (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, 450 Fifth St., NW., Washington, DC 20549, (202) 942-8090.

Applicants' Representations

1. State Street, a wholly-owned subsidiary of State Street Boston Corporation, is a Massachusetts chartered trust company and a member of the Federal Reserve System. State Street provides institutional custody and asset management services and serves as investment adviser or subadviser for several registered management investment companies. SSgA Funds, a Massachusetts business trust, is an open-end management investment company registered under the Act that has established 19 series, each advised by State Street. State Street also administers a securities lending program (the "Program").

2. The Trust is a Massachusetts business trust and an open-end management investment company registered under the Act. The Trust has established three series in which Cash Collateral may be invested: State Street Navigator Securities Lending Prime Portfolio ("Prime Portfolio"), State Street Navigator Securities Lending Government Portfolio ("Government

Portfolio"), and State Street Navigator Securities Lending Short-Term Bond Portfolio ("Bond Portfolio") (each an "Investment Fund"). The Prime Portfolio and Government Portfolio value their securities based on the amortized cost method and comply with rule 2a-7 under the Act. The Bond Portfolio invests in a variety of securities whose duration will not exceed five years. None of the Investment Funds may purchase shares of any registered investment company.

3. Shares of the Investment Funds are offered exclusively to Lending Funds and other institutional investors participating in the Program and are sold directly by the Trust on a private placement basis in accordance with Regulation D under the Securities Act of 1933. Shares are not subject to a sales load, redemption fee or asset-based distribution fee. State Street serves as investment adviser, custodian, transfer agent, and administrator of the Trust with respect to each Investment Fund and is entitled to receive a fee for these services.

4. Participants in the Program may include: (i) one or more series of SSgA Funds and any other registered investment company or series that is or in the future may be advised by State Street, or by any other entity controlling, controlled by, or under common control with State Street (each an "Affiliated Lending Fund");¹ or (ii) any other registered investment company or series (each an "Other Lending Fund," and together with the Affiliated Lending Funds, the "Registered Lending Funds"), and (iii) any entity excluded from the definition of "investment company" under section 3(c)(1) or section 3(c)(7) of the Act (each a "Private Lending Fund").

5. With respect to Affiliated Lending Funds, State Street represents that its personnel providing day-to-day lending agency services to the Affiliated Lending Funds do not provide investment advisory services to or participate in any way in the selection of portfolio securities or other aspects of management for the Affiliated Lending Funds.

6. Under the Program, State Street and each Lending Fund enter into a securities lending agreement ("Lending Agreement") that appoints State Street to serve as securities lending agent and authorizes State Street to enter into a master borrowing agreement

("Borrowing Agreement") with certain entities designated by a Lending Fund ("Borrowers"). Under the Borrowing Agreement, State Street lends securities to Borrowers in exchange for Cash Collateral or other types of collateral, such as U.S. Government securities or irrevocable letters of credit, upon the consent of the Lending Fund. Cash Collateral is delivered in connection with most loans. State Street invests any Cash Collateral in Shares of one or more Investment Funds on behalf of the Lending Fund in accordance with specific guidelines provided by the Lending Fund. These guidelines identify the particular Investment Funds and other investments, if any, in which Cash Collateral may be invested, as well as the amounts that may be invested.

7. With respect to loans involving Cash Collateral, the Lending Fund commits to pay the Borrower a fixed return on the collateral for the term of the loan ("Borrower's Rebate"). The difference between the Borrower's Rebate and the actual return on the investment of the Cash Collateral is divided between the Lending Fund and State Street in accordance with the terms of the Lending Agreement ("Shared Return"). In the case of collateral other than cash, State Street negotiates a loan fee to be paid by the Borrower, which is divided between the Lending Fund and State Street in accordance with the terms of the Lending Agreement ("Shared Lending Fee").

8. As agent for a Registered Lending Fund, State Street may not purchase Shares of an Investment Fund with Cash Collateral unless participation in the Program has been approved by a majority of the directors or trustees of the Registered Lending Fund that are not "interested persons" of the Registered Lending Fund within the meaning of section 2(a)(19) of the Act ("Disinterested Directors"). These directors or trustees are required to evaluate the Program on at least an annual basis to determine that the investment of Cash Collateral in an Investment Fund is in the best interests of the shareholders of the Registered Lending Fund.

9. In addition, State Street may not purchase Shares of any Investment Fund as agent for a Registered Lending Fund unless the Registered Lending Fund has represented to State Street that (i) its policies generally permit the Registered Lending Fund to engage in securities lending transactions, (ii) the transactions are conducted in accordance with the guidelines of the SEC and/or its staff, (iii) the Registered Lending Fund's policies permit the

¹ All existing Affiliated Lending Funds that currently intend to rely on the requested relief have been named as applicants. Any future Affiliated Lending Fund may rely on the order only in accordance with the terms and conditions in the application.

Registered Lending Fund to purchase Shares of the Investment Funds with Cash Collateral, and (iv) the Registered Lending Fund's securities lending activities are conducted in accordance with all representations and conditions in the application applicable to a Registered Lending Fund.

Applicants' Legal Analysis

A. Investment of Cash Collateral by the Lending Funds in the Investment Funds

1. Section 12(d)(1)(A) of the Act prohibits an investment company from acquiring shares of a registered investment company if the securities represent more than 3% of the total outstanding voting stock of the acquired company, more than 5% of the total assets of the acquiring company, or, together with the securities of any other investment companies, more than 10% of the total assets of the acquiring company. Section 12(d)(1)(B) of the Act prohibits a registered open-end investment company from selling its shares to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies generally. Any entity that is excluded from the definition of "investment company" under sections 3(c)(1) or 3(c)(7) of the Act is deemed to be an investment company for the purposes of the 3% limitations specified in sections 12(d)(1) (A) and (B) with respect to purchases by and sales to such company.

2. Section 12(d)(1)(J) of the Act provides that the SEC may exempt any person, security or transaction, or any class or classes of persons, securities or transactions, from any provision of section 12(d)(1) if such exemption is consistent with the public interest and the protection of investors.

3. Applicants seek an order under section 12(d)(1)(J) of the Act exempting them from the provisions of section 12(d)(1) of the Act to permit the Lending Funds to purchase, and the Investment Funds to sell, securities in excess of the limits of sections 12(d)(1)(A) and 12(d)(1)(B) in connection with the Lending Funds' investment of Cash Collateral.

4. Applicants state that the proposed arrangement will not give rise to the policy concerns underlying sections 12(d)(1)(A) and (B). Applicants note that Shares will be sold without a sales load, redemption fee, or asset-based sales charge or service fee. Applicants further state that, because investment advisory

fees paid by Lending Funds will not be affected by the value of the collateral received by the Lending Funds in connection with the loaned securities, the fees that would be paid to State Street by an Investment Fund, including investment advisory fees, should not be viewed as duplicative of the advisory fees paid by the Lending Funds.

Because each Investment Fund will be operated for the purpose of providing the necessary liquidity to satisfy the demands of the Program, applicants argue that the Investment Funds will not be susceptible to control through the threat of large redemptions. Applicants assert that there is no concern that Shares will be purchased by an inappropriate investor because Shares will be offered exclusively to participants in the Program, who are knowledgeable and sophisticated investors. Applicants also note that an Investment Fund will not invest in shares of any investment company.

5. Sections 17(a)(1) and (2) of the Act make it unlawful for any affiliated person of a registered investment company, or any affiliated person of the affiliated person ("Second-tier Affiliate"), acting as principal, to sell any security to, or purchase any security from, the registered investment company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the other person; any person directly or indirectly controlling, controlled by, or under common control with the other person; and, in the case of an investment company, its investment adviser.

6. An investment adviser to each of the Affiliated Lending Funds and the Investment Funds, State Street could be deemed to control both the Affiliated Lending Funds and the Investment Funds. Accordingly, the Affiliated Lending Funds and Investment Funds could be deemed to be under common control and affiliated persons of each other. In addition, if an Other Lending Fund acquires 5% or more of an Investment Fund's Shares, the Investment Fund could be deemed an affiliated person of the Other Lending Fund. Moreover, because series of a registered investment company could be considered to be under common control, an Other Lending Fund that is a series could be considered an affiliate of another series of the registered investment company. If the other series is affiliated with an Investment Fund (by virtue of a common investment adviser or a 5% or more ownership

interest in the Investment Fund), the Investment Fund could be deemed to be a Second-tier Affiliate of the Other Lending Fund. In light of these possible affiliations, section 17(a) could prevent an Investment Fund from selling Shares to and redeeming Shares from certain Registered Lending Funds.

7. Section 17(b) of the Act authorizes the SEC to exempt a transaction from section 17(a) if the terms of the proposed transaction are reasonable and fair and do not involve overreaching on the part of any person concerned, and if the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act if the 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.

8. Applicants request an order under sections 6(c) and 17(b) of the Act to permit the Registered Lending Funds to purchase Shares of the Investment Funds. Applicants submit that the terms of the proposed transactions are reasonable and fair and consistent with the general purposes of the Act, as well as with the policies of the respective Registered Lending Funds. Applicants assert that Registered Lending Funds will be treated like any other shareholders of the Trust and will purchase and redeem Shares on the same terms and basis, including price, as other shareholders. Applicants note that a Registered Lending Fund will only be permitted to invest Cash Collateral in an Investment Fund that invests in instruments that the Registered Lending Fund has previously determined to be acceptable for the investment of Cash Collateral. Cash Collateral from loans by Registered Lending Funds that are money market funds ("Money Market Lending Funds") will not be used to acquire shares of any Investment Fund that does not comply with the requirements of rule 2a-7 under the Act. For these reasons, applicants believe that their requested relief meets the standards of sections 6(c) and 17(b) of the Act.

9. Section 17(d) of the Act and rule 17d-1 under the Act prohibit any affiliated person of a registered investment company or any Second-tier Affiliate, acting as principal, from effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates, unless and

application regarding the joint arrangement has been filed with the SEC and granted by order.

10. State Street, as investment adviser to the Affiliated Lending Funds, is an affiliated person of the Affiliated Lending Funds. State Street may also be a Second-tier Affiliate of Other Lending Funds that purchase more than 5% of an Investment Fund. Applicants state that the Affiliated Lending Funds and potentially the Other Lending Funds by purchasing and redeeming Shares, the Investment Funds by selling Shares to and redeeming Shares for the Lending Funds, and State Street by acting as investment adviser to the Affiliated Lending Funds and the Investment Funds and by acting as lending agent, investing Cash Collateral, and sharing revenue generated by the securities lending transactions, could be considered participants in a joint enterprise or arrangement. Applicants request an order in accordance with section 17(d) and rule 17d-1 to permit certain transactions incident to investments in Shares.

11. Under rule 17d-1, in passing on applications for orders under section 17(d), the SEC must consider whether the investment company's participation in the joint enterprise or joint arrangement 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.

12. Applicants assert that the Registered Lending Funds will invest in the Investment Funds on the same basis as other participants in the Program. Accordingly, applicants believe that the proposed investment in Shares meets the standards of section 17(d) and rule 17d-1.

B. Payment of Fees by the Registered Lending Funds to State Street

1. Applicants also believe that a lending agent arrangement between Registered Lending Funds and State Street under which compensation is based on a share of the revenue generated by State Street's efforts as lending agent may be a joint enterprise or other joint arrangement requiring as order under section 17(d) of the Act and rule 17d-1 under the Act. Consequently, applicants request an order to permit State Street, as lending agent, to receive either a portion of the Shared Return or Shared Lending Fee from the Registered Lending Funds.

2. Applicants submit that to safeguard each Affiliated Lending Fund and its shareholders, applicants will adopt the following procedures to ensure that the

proposed fee arrangement and other terms governing the relationship with State Street, as lending agent, will meet the standards of rule 17d-1:

(a) In connection with the approval of State Street as lending agent for an Affiliated Lending Fund and implementation of the proposed fee arrangement, a majority of the board of directors or trustees of the Affiliated Lending Fund (the "Board"), including a majority of the Disinterested Directors, will determine that: (i) The contract with State Street is in the best interests of the Affiliated Lending Fund and its shareholders, (ii) the services to be performed by State Street are appropriate for the Affiliated Lending Fund, (iii) the nature and quality of the services provided by State Street are at least equal to those services offered and provided by others, and (iv) the fees for State Street's services are fair and reasonable in light of the usual and customary charges imposed by others for services of the same nature and quality.

(b) Each Affiliated Lending Fund's contract with State Street for lending agent services will be reviewed annually and will be approved for continuation only if a majority of the Board (including a majority of the Disinterested Directors) makes the findings referred to in paragraph (a) above.

(c) In connection with the initial implementation of the proposed fee arrangement whereby State Street will be compensated as lending agent based on a percentage of the revenue generated by an Affiliated Lending Fund's participation in the Program, the Board will obtain competing quotes with respect to lending agent fees from at least three independent lending agents to assist the Board in making the findings referred to in paragraph (a) above.

(d) The Board, including a majority of the Disinterested Directors, will: (i) Determine at each regular quarterly meeting that the loan transactions during the prior quarter were effected in compliance with the conditions and procedures set forth in the application and, (ii) review no less frequently than annually the conditions and procedures for continuing appropriateness.

(e) Each Affiliated Lending Fund will: (i) Maintain and preserve permanently in an easily accessible place a written copy of the procedures and conditions (and any modifications) described in the application of otherwise followed in connection with lending securities pursuant to the Program, and (ii) maintain and preserve for a period not less than six years from the end of the

fiscal year in which any loan transaction pursuant to the Program occurred, the first two years in an easily accessible place, a written record of each loan transaction setting forth a description of the security loaned, the identity of the person on the other side of the loan transaction, the terms of the loan transaction, and the information or materials upon which the determination was made that each loan was made in accordance with the procedures set forth above and the conditions to the application.

3. With respect to Other Lending Funds, applicants assert that the nature of the affiliation between the Other Lending Funds and State Street is only technical. Applicants assert that State Street would not have any influence over the decisions made by any Other Lending Fund and that any fee arrangements between the Other Lending Funds and State Street will be the product of arms-length bargaining. Accordingly, applicants believe that the proposed arrangement between Other Lending Funds and State Street would meet the standards of rule 17d-1.

C. Transactions by Other Lending Funds With State Street and State Street Entities

1. As noted above, sections 17(a)(1) and (2) prohibit certain principal transactions between a registered investment company and its affiliates. Applicants assert that State Street could be deemed a Second-tier Affiliate of an Other Lending Fund that owns 5% of an Investment Fund. In addition, to the extent that State Street, State Street Entities, and the Investment Funds are deemed to be under common control, applicants believe that a State Street Entity could be considered an affiliate of an Investment Fund and a Second-tier Affiliate of an Other Lending Fund.

2. Applicants request relief under sections 6(c) and 17(b) from section 17(a) to permit principal transactions between Other Lending Funds and State Street or State Street Entities where the affiliation between the parties arises solely as a result of an investment by an Other Lending Fund in Shares. Applicants state that there will be no element of self-dealing because neither State Street nor any State Street Entity has any influence over the decisions made by any Other Lending Fund. Applicants assert that each transaction will be the product of arms-length bargaining. Because the interests of the Other Lending Funds' investment advisers and sub-advisers are solely aligned with those of the Other Lending Funds (to which the advisers have fiduciary responsibilities), applicants

believe it is reasonable to conclude that the consideration paid to or received by Other Lending Funds in connection with a principal transaction with State Street or a State Street Entity will be reasonable and fair.

3. Section 17(e) of the Act makes it unlawful for any affiliated person of a registered investment company, or any Second-tier Affiliate, acting as broker in connection with the sale of securities to or by that registered investment company, to receive from any source a commission for effecting the transaction that exceeds specified limits. Rule 17e-1 provides that a commission shall be deemed a usual and customary broker's commission if certain procedures are followed by the registered investment company.

4. Applicants request relief under section 6(c) from section 17(e) to the extent necessary to permit State Street and the State Street Entities to receive fees or commissions for acting as broker or agent in connection with the purchase or sale of securities for any Other Lending Fund for which State Street or a State Street Entity becomes a Second-tier Affiliate solely because of the investment by the Other Lending Fund in Shares.

5. Applicants submit that brokerage or similar transactions by State Street or a State Street Entity for the Other Lending Funds raise no possibility of self-dealing or any concern that these Other Lending Funds would be managed in the interest of State Street or a State Street Entity. Applicants believe that each transaction between an Other Lending Fund and State Street or a State Street Entity would be the product of arms-length bargaining because each adviser or sub-adviser to an Other Lending Fund would have no interest in benefiting State Street or a State Street Entity at the expense of the Other Lending Fund.

Applicants' Conditions

Applicants agree that any order of the SEC granting the requested relief will be subject to the following conditions:

1. The securities lending program of each Registered Lending Fund will comply with all present and future applicable guidelines of the SEC and its staff regarding securities lending arrangements.

2. The approval of an Affiliated Lending Fund's Board, including a majority of the Disinterested Directors, shall be required for the initial and subsequent approvals of State Street's service as lending agent for the Affiliated Lending Fund pursuant to the Program, for the institution of all procedures relating to the Program as it relates to the Affiliated Lending Fund,

and for any periodic review of loan transactions for which State Street acted as lending agent pursuant to the Program.

3. No Registered Lending Fund will purchase Shares of any Investment Fund unless participation in the Program has been approved by a majority of the Disinterested Directors of the Registered Lending Fund. Such directors and trustees also will evaluate the Program no less frequently than annually and determine that investing Cash Collateral in the Investment Funds is in the best interests of the shareholders of the Registered Lending Fund.

4. Investment in Shares of an Investment Fund by a particular Registered Lending Fund will be consistent with the Registered Lending Fund's investment objectives and policies. A Money Market Lending Fund that complies with rule 2a-7 under the Act will not invest its Cash Collateral in an Investment Fund that does not comply with the requirements of rule 2a-7.

5. Investment in Shares of an Investment Fund by a particular Registered Lending Fund will be in accordance with the guidelines regarding the investment of Cash Collateral specified by the Registered Lending Fund in the Lending Agreement. A Registered Lending Fund's Cash Collateral will be invested in a particular Investment fund only if that Investment Fund has been approved for investment by the Registered Lending Fund and if that Investment Fund invests in the types of instruments that the Registered Lending Fund has authorized for the investment of its Cash Collateral.

6. Shares of an Investment Fund will not be subject to a sales load, redemption fee or asset-based sales charge or service fee (as defined in rule 2830(b)(9) of the Conduct Rules of the National Association of Securities Dealers, Inc.).

7. None of the Investment Funds may purchase shares of any investment company.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 98-23761 Filed 9-2-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40373; File No. 4-208]

Intermarket Trading System; Notice of Filing of Proposed Thirteenth Amendment to the ITS Plan Relating to the Elimination of the Requirement That the Cincinnati Stock Exchange, Inc. Submit Proposed Rule Changes to Its Rule 11.9 or the Description of NSTS Processing to Other ITS Participants for Review and Comment Prior to Filing Such Changes With the Securities and Exchange Commission, and Making Certain Technical Changes

August 27, 1998.

Pursuant to Rule 11 Aa3-2 under the Securities Exchange Act of 1934 ("Exchange Act" or "Act"), notice is hereby given that on August 17, 1998, the Intermarket Trading System ("ITS") submitted to the Securities and Exchange Commission ("Commission") an amendment ("Thirteenth Amendment") to the restated ITS Plan.¹ The purpose of the amendment is to (1) eliminate the requirement that the Cincinnati Stock Exchange, Inc., submit proposed rule changes to its Rule 11.9 or the description of NSTS processing to other ITS Participants for review and comment prior to filing such changes with the Commission; (2) recognize the change in corporate name from the Pacific Stock Exchange, Inc. ("PSE") to the Pacific Exchange, Inc. ("PCX"); (3) change the corporate address of the CSE; and (4) make a technical correction to Section 8(e)(iv)(D). The Commission is publishing this notice to solicit comments on the amendment from interested persons.

The ITS is a communications and order routing network linking eight national securities exchanges and the electronic over-the-counter ("OTC") market operated by the National Association of Securities Dealers, Inc. ("NASD"). The ITS was designed to facilitate intermarket trading in exchange-listed equity securities based on current quotation information emanating from the linked markets.

Participants to the ITS Plan include the American Stock Exchange, Inc. ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Board Options Exchange, Inc. ("CBOE"), the Chicago Stock Exchange, Inc. ("CHX"), the Cincinnati Stock Exchange, Inc. ("CSE"), the NASD, the New York Stock

¹ The ITS Plan is a National Market System ("NMS") plan approved by the Commission pursuant to Section 11A of the Act and Rule 11Aa3-2. Exchange Act Release No. 19456 (January 27, 1993), 48 FR 4938.