Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of SCCP. All submissions should refer to the file number SR–SCCP–95–01 and should be submitted by July 3, 1995.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (File No. SR–SCCP–95–01) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–14322 Filed 6–9–95; 8:45 am] BILLING CODE 8010–01–M

[Release No. IC-21115; 812-9286]

AMBAC Capital Management, Inc.; Notice of Application

June 6, 1995. **AGENCY:** Securities and Exchange Commission ("SEC"). **ACTION:** Notice of Application for Exemption Under the Investment Company Act of 1940 (the "1940 ACT").

APPLICANT: AMBAC Capital

Management, Inc.

RELEVANT 1940 ACT SECTIONS: Order requested under section 6(c) of the 1940 Act for an exemption from the provisions of paragraphs (a)(1), (b)(2)(i) and (b)(3)(i) of rule 3a–5 under the 1940 Act.

SUMMARY OF APPLICATION: Applicant seeks relief from certain provisions of rule 3a–5 to enable it and other future wholly-owned finance subsidiaries of AMBAC, Inc. ("AMBAC") to rely on the exemption from all provisions of the 1940 Act afforded by the rule while engaging in certain lending and investing activities not included within the express terms of the rule.

FILING DATES: The application was filed on October 17, 1994, and amended and restated on June 2, 1995.

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 June 30, 1995, 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 Fifth Street, N.W., Washington, D.C. 20549; Applicant, 10 Glenville Street, Greenwich, Connecticut 06831.

FOR FURTHER INFORMATION CONTACT:

H.R. Hallock, Jr., Special Counsel, at (202) 942–0564 or C. David Messman, 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.

Applicant's Representations

1. Applicant is a Delaware corporation and wholly-owned subsidiary of AMBAC Capital Corporation, a Delaware corporation, which in turn is a whollyowned subsidiary of AMBAC. AMBAC is a holding company primarily engaged through another wholly-owned subsidiary, AMBAC Indemnity Corporation ("AMBAC Indemnity"), in the financial guarantee insurance business. AMBAC's shares are publicly traded on the New York Stock Exchange.

2. AMBAC Indemnity is a licensed insurance company in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico and Guam that primarily insures newly issued municipal bonds. AMBAC Indemnity has been assigned triple-A claims-paying ability ratings, the highest ratings of Moody's Investors Service, Inc. (''Moody's''), Standard & Poor's Corporation (''S&P'') and Fitch Investors Service, Inc. AMBAC depends primarily on dividends from AMBAC Indemnity to pay dividends on its capital stock, to pay principal and interest on its indebtedness, and to pay its operating expenses.

3. Applicant was organized to issue and sell municipal investment contracts and similar investment agreements (together, the "MICs"). Applicant presently sells the MICs on a private placement basis primarily to state or local government entities or agencies and trustees for bond issues of such entities or agencies (collectively, the "MIC Holders"), for the investment of proceeds from municipal bond offerings.

4. The MICs are debt securities with an agreed-upon rate of return that may be collateralized by U.S. Treasury or other high quality securities. Municipal bond issuers find MICs attractive because their bonds are often issued to finance projects for which they have no immediate need for the entire proceeds of the issue. A MIC Holder may also purchase a MIC from the Applicant as a means of investing debt service reserve an similar funds held by the MIC Holder. The MICs provide the municipal bond issuer with a guaranteed yield that is advantageous relative to the interest rate on the bonds and can be structured to provide drawdowns as needed.

Because of restrictions on their permitted investments, some municipalities have requested that Applicant enter into MICs styled as repurchase agreements (each, a "Repo"), which would provide such municipalities with the economic equivalent of entering into a collateralized MIC. Applicant considers entering into such Repos to be equivalent to issuing a MIC in the form of a collateralized investment contract and will treat the proceeds generated thereby the same as any other proceeds raised in a debt issuance (hereinafter, any reference to "MIC" shall include such Repos).

6. The proceeds of MIC sales will be on-lent by Applicant to AMBAC and/or its direct and indirect subsidiaries (the "Recipients") for use in financing their respective operations. It is anticipated that substantially all of the proceeds from the MICs will be loaned by Applicant to the Recipients contemporaneously with the issuance of the related MIC, but in no event will less than 85 percent of such proceeds be loaned later than six months after Applicant's receipt of such proceeds. It is also anticipated that substantially all loans to Recipients will be collateralized by the Recipients themselves.

7. Pursuant to an Insurance and Indemnity Agreement with AMBAC Indemnity (the "Agreement"), Applicant's obligations under each MIC issued by it are fully insured by AMBAC Indemnity. The insurance policy (each, an "Indemnity Policy") provides that in the event of default by Applicant on the payment of principal or interest on the MIC, AMBAC Indemnity will make the scheduled payment. In addition, the MIC Holder may institute legal proceedings directly against AMBAC Indemnity to enforce such payment without first proceeding against Applicant. The Agreement requires

⁶¹⁵ U.S.C. 78s(b)(2) (1988).

⁷¹⁷ CFR 200.30-3(a)(12) (1994).