in an easily accessible place, a written copy of the procedures (and any modifications thereto) described in paragraph (e) of Rule 17a-7, and (ii) maintain and preserve for a period not less than six years from the end of the fiscal year in which any transactions occurred, the first two years, in an easily accessible place, a written record of each such transaction setting forth a description of the security purchased or sold, the identity of the person [portfolio] on the other side of the transaction, the terms of the purchase or sale transaction, and the information or materials upon which the determinations described in paragraph (e)(3) of Rule 17a-7 were made.

12. Applicant therefore submits that the Reconstitution Transactions are, in substance, the type of transactions ordinarily exempted by Rule 17a–7.

- 13. Applicant also requests relief pursuant to Section 6(c) of the 1940 Act, because the Commission has interpreted Section 17(b) of the 1940 Act as authorizing the granting of exemptive relief from Section 17(a) on a transaction-by-transaction basis only. Applicant requests relief pursuant to Section 6(c) exempting Applicant from Section 17(a) to the extent necessary to permit Applicant to engage in the Reconstitution Transactions each year.
- 14. Section 6(c) of the 1940 Act provides that the Commission "by order upon application, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of [the Act] or of any rule or regulation thereunder, 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]."
- 15. Applicant submits that the exemptions requested under Section 6(c) are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

## **Applicant's Conditions**

Applicant represents and agrees to the following conditions:

1. Each of the Reconstitution Transactions will be: (a) a purchase or sale, for no consideration other than the delivery of portfolios securities valued at the independent "Current Market Price" (as defined in Rule 17a–7 under the 1940 Act), or, (b) to the extent the aggregate price of the portfolio securities acquired by one Portfolio from another Portfolio exceeds the aggregate price of the portfolio securities sold by that Portfolio to such other Portfolio, a cash payment for the difference, against prompt delivery of a security for which market quotations are readily available.

- 2. Each of the Reconstitution Transactions will be effected at the security's independent "Current Market Price," as defined in Rule 17a–7 under the 1940 Act.
- 3. Each of the Reconstitution Transactions will be consistent with the policy of each of the Portfolios participating in such transactions, as recited in the Fund's registration statement and reports filed under the 1940 Act.
- 4. No brokerage commission, fee (except for customary transfer fees), or other remuneration will be paid in connection with any of the Reconstitution Transactions.
- 5. The Fund's board of directors, including a majority of the directors who are not interested persons of the Fund, shall (a) review the terms of the Reconstitution Transactions, the composition of the investment portfolios of the affected Portfolios, and the value (and valuation method) of the investment securities comprising the purchase price in the Reconstitution Transactions; (b) adopt a resolution determining that each of the Reconstitution Transactions are reasonable and fair to the affected portfolios, that the Reconstitution Transactions would not subject any of the affected Portfolios to overreaching, and that each of the Reconstitution Transactions are consistent with the policy of each of the Portfolios participating in such transactions, as recited in the Fund's registration statement and reports filed under the 1940 Act; (c) make and approve such changes as the board deems necessary; and (d) determine at the board meeting next following any Reconstitution Transactions that such Reconstitution Transactions were effected in compliance with such procedures.
- 6. The Fund agrees that it will maintain and preserve (a) permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) described in condition "5", and (b) for a period not less than six years from the end of the fiscal year in which any Reconstitution transactions occurred, the first two years in an easily accessible place, a written record of each such transaction setting forth a description of the securities purchased or sold in such transaction, and the information or materials upon which the determinations described in condition "5(d)" were made.

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

## Margaret H. McFarland,

Deputy Secretary.
[FR Doc. 95–14439 Filed 6–13–95; 8:45 am]
BILLING CODE 8010–01–M

[Release No. 34-35807; File No. SR-NSCC-95-03]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving Proposed Rule Change Relating to Implementation of a Three-Day Settlement Standard

June 5, 1995.

On March 1, 1995, National Securities Clearing Corporation ("NSCC") filed a proposed rule change (File No. SR–NSCC–95–03) with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act").¹ On March 27, 1995, NSCC filed an amendment to the proposed rule change.² Notice of the proposal was published in the **Federal Register** on April 14, 1995, to solicit comments from interested persons.³ No comments were received. As discussed below, this order approves the proposed rule change.

## I. Description

In October 1993, the Commission adopted Rule 15c6–1 under the Act which will become effective June 7, 1995.4 Rule 15c6–1 establishes three business days after the trade date ("T+3"), instead of five business days ("T+5"), as the standard settlement cycle for most securities transactions. The purpose of NSCC's proposed rule change is to amend NSCC's rules to be consistent with Rule 15c6–1 and with a T+3 settlement standard for most securities transactions.

In order to accommodate a T+3 settlement cycle, many of the time frames contained in NSCC's rules are being shortened. These changes include such things as all references to a five day settlement time frame being changed to reflect a three day settlement

<sup>&</sup>lt;sup>1</sup> 15 U.S.C. § 78s(b) (1988).

<sup>&</sup>lt;sup>2</sup> Letter from John P. Barry, Associate Counsel, NSCC, to Christine Sibille, Senior Counsel, Division of Market Regulation, Commission (March 27, 1995).

<sup>&</sup>lt;sup>3</sup> Securities Exchange Act Release No. 35577 (April 6, 1995), 60 FR 19104.

<sup>&</sup>lt;sup>4</sup>Securities Exchange Act Release Nos. 33023 (October 6, 1993), 58 FR 52891 (adopting Rule 15c6–1) and 34952 (November 9, 1994), 59 FR 59137 (changing effective date from June 1, 1995, to June 7, 1995).