

applicant and there was no desire to market applicant further. No securityholder authorization was obtained in connection with applicant's liquidation because no securityholder vote was required by law.

4. Legal, accounting, deregistration, termination, and other expenses incurred in connection with applicant's liquidation were paid by the Adviser. The Adviser's \$100 interest in applicant was used to pay expenses relating to the winding up of applicant's affairs. In addition, on August 2, 1993, the Adviser paid in full applicant's unamortized organizational expenses of \$10,415.

5. At the time of the application, applicant had no securityholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not presently engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding up of its affairs.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Rel. No. IC-21222; 812-7895]

**Applications, Hearings, Determinations, etc.: Morgan Stanley & Co., Inc. et al.**

July 21, 1995.

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

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

**APPLICANTS:** Morgan Stanley & Co. Incorporated ("Morgan Stanley"), Technology Equity and Income Trust (the "Trust"), and any future closed-end investment company underwritten by Morgan Stanley (together with the Trust, the "Trusts") that invests in Listed Securities (as defined below), is structured in a manner identical in all material respects to the Trust, and is authorized to write call options on its portfolio of securities.

**RELEVANT ACT SECTIONS:** Order requested under sections 6(c) and 17(b) granting an exemption from section 17(a)(2).

**SUMMARY OF APPLICATION:** Applicants seek an order to permit Morgan Stanley, the principal underwriter for the Trusts, and other principal underwriters of the Trusts, to purchase call options on securities held by the Trusts.

**FILING DATES:** The application was filed on March 30, 1992, and amend on June

30, 1992, September 28, 1992, February 9, 1993, August 23, 1994, and March 7, 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 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 15, 1995, and should be accompanied by proof of service on the 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 5th Street, NW., Washington, DC 20549. Applicants: Technology Equity and Income Trust, c/o The Bank of New York, 101 Barclay Street, 21st Floor West, New York, New York 10286; Morgan Stanley & Co. Incorporated, 1251 Avenue of the Americas, New York, New York 10020.

**FOR FURTHER INFORMATION CONTACT:** 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.

**Applicants' Representations**

1. The Trusts will be registered, non-diversified, closed-end management investment companies. The Trusts will hold a portfolio of securities subject to call options and stripped U.S. Treasury securities ("Treasury Securities"). The portfolio securities must be registered under section 12 of the Securities Exchange Act of 1934, and listed on the New York Stock Exchange, the American Stock Exchange (other than Emerging Company Marketplace securities ("ECM Securities")), or traded on the NASDAQ-National Market System (provided the NASDAQ-NMS securities satisfy the listing requirements of the New York Stock Exchange or the American Stock Exchange (other than the listing requirements applicable to ECM Securities)) (Collectively, the "Listed Securities"). Interests in the Trusts will be called STEP Units. The Trusts' objectives will be to provide current quarterly cash distributions from the

proceeds of the Treasury Securities and regular cash dividends on the Listed Securities, and the potential for capital appreciation up to a disclosed maximum on the Listed Securities. The final composition of a Trust's portfolio will be determined at the close of trading on the way prior to the commencement of the offering of STEP Units (the "Determination Date"). The Trusts will acquire their portfolios in the manner described below.

2. Each Trust will invest in Listed Securities using the gross proceeds received from the sale of its STEP Units to the underwriters. The trustees of each Trust (the "Trustees"), with the advice of an investment adviser (the "Investment Adviser"), will select the specific Listed Securities for the respective Trust at least one business day prior to the Determination Date. At the opening of the market on the Determination Date, the Trustees will enter market buy orders to purchase the Listed Securities with unaffiliated brokers or dealers selected by the Trustees with the advice of the Trust's Investment Adviser.

3. Immediately after the purchase of the Listed Securities, the Trusts will sell a single call option on each issue of Listed Securities (each option is referred to as a "Contract"). Each Trust will invest the net proceeds from the sale of the Contracts in Treasury Securities which will mature on a quarterly basis over the life of the Trust. Unitholders will receive quarterly distributions which consist of the proceeds received from the Treasury Securities as they mature and regular cash dividends on the Listed Securities. The expenses of a Trust, including any underwriting commissions on the sale of STEP Units, will be deducted from the proceeds from the sale of its Contracts.

4. Each Contract will grant the Contract holder the right to purchase the Listed Securities underlying the Contract at a fixed price (the "Exercise Price") on a fixed date (the "Expiration Date"). The Exercise Price for each Contract will range between 30% and 50% in excess of the current market price of the Listed Securities on the Determination Date. The Expiration Date will be no more than 3½ years after issuance.

5. The Contracts also will provide that the Exercise Price for each Listed Security be reduced dollar-for-dollar by the per share amount of (a) any Extraordinary Cash Dividend<sup>1</sup> and (b)

<sup>1</sup> An "Extraordinary Cash Dividend" will be defined, with respect to any Listed Security, as a dividend which exceeds the immediately preceding non-Extraordinary Cash Dividend on the Listed