

services is priced reasonably in relation to the services and costs that the investor could obtain elsewhere. Moreover, applicants believe that the Aggregate Fee Disclosure will provide investors of each Portfolio with sufficient and clear information to determine whether they are receiving good value from FRIMCo and the Money Managers of that Portfolio and whether to redeem their shares if dissatisfied.

11. Section 6(c) authorizes the Commission to exempt persons or 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. Applicants assert that the section 6(c) standards for exemption are met.

#### Applicants' Conditions

Applicants agree that the following conditions may be imposed in any order of the Commission granting the requested relief:

1. Each Fund will disclose in its registration statement the Aggregate Fee Disclosure.

2. FRIMCo will not enter into a Portfolio Management Agreement with any Affiliated Money Manager without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Portfolio.

3. At all times, a majority of the Funds' directors or trustees will be persons each of whom is not an "interested person" of the Funds as defined in section 2(a)(19) of the Act ("Independent Directors"), and the nomination of new or additional Independent Directors will be placed with the discretion of the then existing Independent Directors.

4. When a Money Manager change is proposed for a Portfolio with an Affiliated Money Manager, the Funds' directors or trustees, including a majority of the Independent Directors, will make a separate finding, reflected in each applicable Fund's board minutes, that such change is in the best interests of the Portfolio and its shareholders and does not involve a conflict of interest from which FRIMCo or the Affiliated Money Manager derives an inappropriate advantage.

5. Independent counsel knowledgeable about the Act and the duties of Independent Directors will be engaged to represent the Independent Directors of the Funds. The selection of such counsel will be placed within the discretion of the then existing Independent Directors.

6. FRIMCo will provide the Funds' directors, no less frequently than quarterly, information about FRIMCo's profitability on a per-Portfolio basis. Such information will reflect the impact on profitability of the hiring or termination of any Money Manager during the applicable quarter.

7. Whenever a Money Manager is hired or terminated, FRIMCo will provide the Funds' directors information showing the expected impact on FRIMCo's profitability.

8. FRIMCo will provide general management and administrative services to the Funds, and, subject to review and approval by their directors will: (a) set the Funds' overall investment strategies; (b) select Money Managers; (c) allocate and, when appropriate, reallocate the Portfolios' assets among Money Managers; (d) monitor and evaluate the performance of Money Managers; and (e) ensure that the Money Managers comply with the Funds' investment objectives, policies, and restrictions.

9. Each RIF Fund will obtain the consent of its sole shareholders before relying upon the order with respect to shareholder approval of Money Manager changes. Existing Portfolios of the FRIC Funds will proceed promptly (within one year) to obtain shareholder approval to operate the Portfolios in accordance with the order, but, prior to the holding of the shareholder meeting, will continue to operate in accordance with the 1981 order. Portfolios of the Funds created after the issuance of the order will disclose their reliance on the order in their prospectuses and will have such reliance approved by consent of their sole shareholder.

10. Within 60 days of the hiring of any new Money Manager or the implementation of any proposed material change in a Portfolio Management Agreement, FRIMCo will furnish shareholders all information about a new Money Manager or Portfolio Management Agreement that would be included in a proxy statement, except as modified by the order with respect to the disclosure of fees paid to the Money Managers. Such information will include Aggregate Fee Disclosure and any change in such disclosure caused by the addition of a new Money Manager or any proposed material change in a Portfolios's Management Agreement. FRIMCo will meet this condition by providing shareholders, within 60 days of the hiring of a Money Manager or the implementation of any material change to the terms of a Portfolio Management Agreement, with an information statement meeting the requirements of Regulation 14C and

Schedule 14C under the Exchange Act. The information statement also will meet the requirements of Schedule 14A, except as modified by the order with respect to the disclosure of fees paid to the Money Managers.

11. No director, trustee, or officer of the Funds or FRIMCo will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such director, trustee, or officer) any interest in a Money Manager except for (a) ownership of interests in FRIMCo or any entity that controls, in controlled by, or is under common control with FRIMCo; or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly-traded company that is either a Money Manager or an entity that controls, is controlled by, or is under common control with a Money Manager.

12. The Funds will disclose in their prospectuses the existence, substance, and effect of any order granted pursuant to the application.

By the Commission.

**Johathan G. Katz,**  
Secretary.

[FR Doc. 95-14002 Filed 6-7-95; 8:45 am]  
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[Release No. 34-35787; File No. 600-23]

#### Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving Application for Extension of Temporary Registration as a Clearing Agency

May 31, 1995.

On February 3, 1995, Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") a request pursuant to Section 19(a)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act") that the Commission grant GSCC full registration as a clearing agency under Section 17A of the Act<sup>2</sup> or in the alternative extend GSCC's temporary registration as a clearing agency until such time as the Commission is able to grant GSCC permanent registration.<sup>3</sup> On March 13,

<sup>1</sup> 15 U.S.C. 78s(a)(1) (1988).

<sup>2</sup> 15 U.S.C. 78q-1 (1988).

<sup>3</sup> Letter from Charles A. Moran, President, GSCC, to Brandon Becker, Director, Division of Market Regulation, Commission (February 3, 1995) ("Registration Letter"). On May 24, 1988, the Commission granted GSCC's initial application for registration as a clearing agency pursuant to Sections 17A and 19(a) of the Act and Rule 17Ab2-1 (17 CFR 240.17Ab2-1 (1994)) thereunder for a period of three years. Securities Exchange Act Release No. 25740 (May 24, 1988), 53 FR 19639.

1995, GSCC filed with the commission an amended Form CA-1. The Commission published notice of GSCC's request in the **Federal Register** on April 24, 1995.<sup>4</sup> No comments were received. This order extends GSCC's temporary registration as a clearing agency through November 31, 1995.

GSCC provides automated clearance and settlement services to its members for their transactions in government securities.<sup>5</sup> One of the primary reasons for GSCC's registration was to provide comparison services for transactions in government securities. GSCC offers its members netting and comparison services including services for next-day settling trades, forward settling trades, auction takedown activity, the multilateral meeting of trades, the novation of netted trades, and the daily marking-to-the-market. In connection with GSCC's clearance and settlement services, GSCC provides a centralized loss allocation procedure and maintains margin to offset netting and settlement risk.

As a part of GSCC's request for full clearing agency registration, GSCC has requested that the Commission remove GSCC's exemption from the participation standards of Sections 17A(b)(3)(B) and 17A(b)(4)(B) of the Act.<sup>6</sup> The Commission recently has approved two proposed rule changes that increase the categories of those eligible for membership in GSCC's netting system,<sup>7</sup> as well as a proposed

rule change which establishes minimum financial standards for insurance companies applying for GSCC membership.<sup>8</sup> In addition, GSCC has asserted that its current selection process for its board of directors, which permits any GSCC member to nominate candidates for election to the Board and to vote for candidates so nominated, assures fair representation.<sup>9</sup> GSCC further has stated that it recognizes future membership growth may require GSCC to adjust the selection process to ensure fair member representation on the Board.<sup>10</sup>

GSCC has made substantial progress toward satisfying the requirements enumerated in Section 17A(b) of the Act. However, the Commission believes that GSCC's exemptions from the participation standards set forth in Sections 17A(b)(3)(B) and 17A(b)(4)(B) of the Act should be continued at this time. Although GSCC has made advancements to encourage participation by the establishment of new membership categories, the Commission notes GSCC has had little practical experience with the utilization of the new categories. To date only two of these new categories for membership, the futures commission merchant and the Category 2 dealer netting member, have been employed, and within these categories only three new GSCC members have been added.<sup>11</sup> Furthermore, during the continued temporary approval period, GSCC will gain experience with its new procedures described above, and the Commission will be able to better evaluate GSCC's compliance with Section 17A of the Act.<sup>12</sup>

It is therefore ordered that GSCC's temporary registration as a clearing

agencies, and registered insurance companies). A Category 2 dealer netting member has a lower net worth threshold but more stringent margin requirements than for other ("Category 1") dealer netting members. Since establishment of the new membership categories, a futures commission merchant and two Category 2 dealers have been admitted to netting system membership under the new categories.

<sup>8</sup> Securities Exchange Act Release No. 35640 (April 24, 1995), 60 FR 21014 (order approving establishment of minimum financial requirements for insurance companies seeking GSCC membership).

<sup>9</sup> Registration Letter, *supra* note 3.

<sup>10</sup> *Id.*

<sup>11</sup> *Supra* note 7.

<sup>12</sup> The Commission also will continue GSCC's exemption from the fair representation standards for Section 17A(b)(3)(C) during the temporary registration period. Prior to granting permanent registration, the Commission will continue to evaluate GSCC's criteria for selecting its Board of Directors to ensure that the selection criteria is sufficiently flexible and assures adequate representation among GSCC's membership consistent with Section 17A(b)(3)(C) of the Act.

agency (File No. 600-23) be and hereby is extended through November 31, 1995 subject to the terms set forth above.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

**Jonathan G. Katz,**  
*Secretary.*

[FR Doc. 95-14001 Filed 6-7-95; 8:45 am]

BILLING CODE 8010-01-M

## SMALL BUSINESS ADMINISTRATION

### Notice of Action Subject to Intergovernmental Review

**AGENCY:** Small Business Administration.

**ACTION:** Notice of action subject to Intergovernmental Review Under Executive Order 12372.

**SUMMARY:** This notice provides for public awareness of SBA's intention to refund twenty-three existing Small Business Development Centers (SBDCs) on October 1, 1995. Currently there are 56 SBDCs operating in the SBDC program. The following SBDCs are intended to be refunded, subject to the availability of funds: Alabama, Alaska, Connecticut, Delaware, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New York, Ohio, Puerto Rico, Dallas, Houston, Lubbock, San Antonio, Vermont, Virgin Islands, West Virginia, and Wyoming. This notice also provides a description of the SBDC program by setting forth a condensed version of the program announcement which has been furnished to each of the SBDCs to be refunded. This publication is being made to provide the State single points of contact, designated pursuant to Executive Order 12372, and other interested State and local entities, the opportunity to comment on the proposed refunding in accord with the Executive Order and SBA's regulations found at 13 CFR part 135.

**EFFECTIVE DATE:** September 6, 1995.

**ADDRESSES:** Comments should be addressed to Ms. Johnnie L. Albertson, Associate Administrator for SBDC Program, U.S. Small Business Administration, 409 Third Street, SW., Suite 4600, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Same as above.

### Notice of Action Subject to Intergovernmental Review

SBA is bound by the provisions of Executive Order 12372, "Intergovernmental Review of Federal

<sup>13</sup> 17 CFR 200.30-3(a)(50)(i) (1994).

The Commission subsequently extended GSCC's registration until May 31, 1995. Securities Exchange Act Release Nos. 29067 (April 11, 1991), 56 FR 15652 and 32385 (June 3, 1993), 58 FR 32405.

<sup>4</sup> Securities Exchange Act Release No. 35618 (April 17, 1995), 60 FR 20131.

<sup>5</sup> "Government securities" means securities issued or guaranteed by the United States ("U.S."), U.S. government agencies and instrumentalities, and U.S. government-sponsored corporations. 15 U.S.C. 3(a)(42) (1990).

<sup>6</sup> At the time of GSCC's initial registration, the Commission determined that GSCC's rules did not enumerate the statutory categories of membership as required by Section 17A(b)(3)(B) and the financial standards for applicants and members as contemplated by Section 17A(b)(4)(B) of the Act. 15 U.S.C. 78q-1(b)(3)(B), 78q-1(b)(4)(B) (1988). In addition, the Commission determined that while the composition of GSCC's Board of Directors reasonably reflected GSCC's anticipated initial membership, it would be appropriate to reevaluate whether GSCC's process for selecting its Board of Directors complied with the fair representation requirements in Section 17A(b)(3)(C) of the Act before granting full registration as a clearing agency. 15 U.S.C. 78q-1(b)(3)(C) (1988).

<sup>7</sup> Securities Exchange Act Release Nos. 34935 (November 3, 1994), 59 FR 56100 (order approving establishment of new categories of netting system membership for futures commission merchants) and 32722 (August 5, 1993), 58 FR 42993 (order approving establishment of new categories of netting system membership for dealer ("Category 2") and interdealer brokers, issuers of government securities, insurance companies, registered clearing