

No. 5,196,069 entitled "Cellulose Processing Using Microwave Pretreatment," which was issued March 23, 1993, by the United States of America as represented by the Administrator of the National Aeronautics and Space Administration. The partially exclusive license will contain appropriate terms and conditions to be negotiated in accordance with the Department of Commerce patent licensing regulations (37 CFR part 404). NASA will negotiate the final terms and conditions and grant the license unless within 60 days of the date of this notice, the Director of Patent Licensing receives written objections to the grant, together with supporting documentation. The Director of Licensing will review all written responses to the notice and then recommend to the Associate General Counsel (Intellectual Property) whether to grant the license.

DATES: Comments to the notice must be received by August 7, 1995.

ADDRESS: National Aeronautics and Space Administration, Code GP, Washington, DC 20546.

FOR FURTHER INFORMATION CONTACT: Mr. Harry Lupuloff, NASA, Director of Patent Licensing, (202) 358-2041.

Dated: June 1, 1995.

Edward A. Frankle,
General Counsel.

[FR Doc. 95-14083 Filed 6-7-95; 8:45 am]

BILLING CODE 7510-01-M

[Notice (95-036)]

Intent To Grant a Patent License

AGENCY: National Aeronautics and Space Administration.

SUMMARY: NASA intends to grant Total Quality Measures, Inc., a corporation of the State of New Hampshire, having its headquarters in Merrimack, New Hampshire, an exclusive, royalty-bearing, revocable license to practice U.S. Patent No. 5,267,950, entitled "Automatic Locking Orthotic Knee Device" and U.S. Patent Application Serial No. 08/422,961, entitled "Automatic Locking Knee Brace Joint." U.S. Patent No. 5,267,950 and Serial 08/422,961 pertain to hinge-like devices for knee brace that automatically lock in place under pressure. The patent license will be for a limited number of years and will contain appropriate terms and conditions negotiated in accordance with the Department of Commerce patent licensing regulations, 37 CFR 404.1 *et seq.* NASA will grant the patent license in accordance with its licensing regulations unless the Director of Patent

Licensing receives written objections to the grant, together with any supporting documentation, within 60 days of the date of this notice. The Director of Patent Licensing will review all written objections to the grant and then recommend to the Associate General Counsel (Intellectual Property) whether to grant the license.

DATES: Written objections to this proposed license grant must be received by August 7, 1995.

ADDRESS: National Aeronautics and Space Administration, Code GP, Washington, DC 20546.

FOR FURTHER INFORMATION CONTACT: Mr. Harry Lupuloff, NASA, Director of Patent Licensing at (202) 358-2041.

Dated: June 1, 1995.

Edward A. Frankle,
General Counsel.

[FR Doc. 95-14084 Filed 6-7-95; 8:45 am]

BILLING CODE 7510-01-M

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Center for Excellence in the Environment Request for Public Participation

AGENCY: Corporation for National and Community Service.

ACTION: Notice.

SUMMARY: The Center for Excellence in the Environment, a component of the Corporation for National and Community Service (the Corporation), seeks input from organizations and persons knowledgeable in the area of environmental training and technical assistance.

DATES: The Corporation seeks the participation of the public in this process until June 23, 1995.

ADDRESSES: Responses to this notice should be sent to the Center on Excellence in the Environment, P.O. Box 29995, The Presidio, San Francisco, CA 94129; fax (415) 561-5955. For individuals with disabilities, the information contained in this notice will be made available in alternative formats, upon request.

FOR FURTHER INFORMATION CONTACT: Pipo Bui, tel. (415) 561-5950.

SUPPLEMENTARY INFORMATION: The Corporation is a government corporation that engages Americans of all ages and backgrounds in community-based service. This service addresses the nation's education, public safety, human, and environmental needs to achieve direct and demonstrable results. In doing so, the Corporation fosters civic

responsibility, strengthens the ties that bind us together as a people, and provides educational opportunity for those who make a substantial commitment to service.

Pursuant to the National and Community Service Act of 1990, as amended, 42 U.S.C. 12501 *et seq.*, the Corporation may "conduct, directly or by grant or contract, appropriate training programs" to promote leadership development in national service programs. The Corporation has established the Presidio Leadership Center (PLC) to carry out this objective.

The Center for Excellence in the Environment (the Center), which operates within the PLC, is designed to provide technical assistance to the Corporation's environmental national service programs. This assistance may include disseminating information, designing educational materials, creating networks of persons knowledgeable in environmental training and technical assistance, identifying model service programs and sharing "lessons" learned from ongoing programs. The Center plans to build a communications infrastructure of environmental programs, through regional networks of trainers and/or consultants, conferences, and other forms of communication between such programs. The Center seeks to develop training and technical assistance programs addressing both natural and neighborhood (or community) aspects of the environment.

The Center seeks input from persons and programs with experience in forming networks of trainers and environmental experts, planning and hosting conferences, and managing and supporting a decentralized network of national service programs. After receiving this input, the Center will decide whether and how to implement a program, directly or by grant or contract, with appropriate public notice published in the **Federal Register**.

Dated: June 5, 1995.

Terry Russell,
General Counsel.

[FR Doc. 95-14075 Filed 6-7-95; 8:45 am]

BILLING CODE 6050-28-P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-21108; 812-7689]

Frank Russell Investment Company, et al.; Notice of Application

June 2, 1995.

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

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

APPLICANTS: Frank Russell Investment Company ("FRIC"), Russell Insurance Funds, Inc. ("RIF"), Frank Russell Investment Management Company ("FRIMCo"), Frank Russell Company ("FRC"), and Russell Fund Distributors, Inc. ("RFD").

RELEVANT ACT SECTIONS: Exemption requested under section 6(c) of the Act from the provisions of section 15(a) and rule 18f-2; and from certain disclosure requirements set forth in item 22 of Schedule 14A under the Securities Exchange Act of 1934 (the "Exchange Act"); items 2, 5(b)(iii), and 16(a)(iii) of Form N-1A; item 3 of Form N-14; item 48 of Form N-SAR; and sections 6-07(2)(a), (b), and (c) of Regulation S-X.

SUMMARY OF APPLICATION: Applicants seek a conditional order permitting FRIMCo to enter into sub-advisory contracts without receiving prior shareholder approval, and permitting FRIC and RIF (the "Funds") to disclose only aggregate sub-advisory fees for each fund in their prospectuses and other reports.

FILING DATES: The application was filed on February 19, 1991, and amended and restated on December 20, 1993, April 15, 1994, May 3, 1995, and May 10, 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 27, 1995, and should be accompanied by proof of service on the 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 NW., Washington, D.C. 20549. Applicant, 909 A Street, Tacoma, Washington 98402.

FOR FURTHER INFORMATION CONTACT: Mary Kay Frech, Senior Attorney, at (202) 942-0579, 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.

Applicants' Representations

1. FRIC is a registered no-load, open-end management investment company organized as a Massachusetts business trust. FRIC has twenty-two separate series, each constituting a different investment portfolio. All of FRIC's series follow the conventional practice of paying their investment advisory fee from the series' assets. Ten of FRIC's series require investors to pay an additional investment services fee directly to their investment adviser, FRIMCo, for shareholder services (the "External Fee FRIC Funds").¹ The remaining twelve series pay no investment services fee. FRIC's shares are offered predominantly to institutional fiduciaries, such as bank trust departments and registered investment advisers, which have investment discretion over their clients' accounts. A limited number of shares are offered to smaller institutional investors such as endowment funds and to individual investors who have a direct, contractual relationship with FRIMCo. Each investor in each of FRIC's series executes an asset management services agreement with FRTAMCo, the different forms of which reflect the different services required by different categories of investors.

2. RIF is a registered no-load, open-end management investment company organized as a Maryland corporation. It is proposed to consist of several separate series, each constituting a different investment portfolio. RIF shares initially will be offered exclusively to insurance separate accounts as the funding vehicle for variable and fixed annuity and life insurance products. Each series of RIF follows the conventional practice of paying FRIMCo an advisory fee from the series' assets. The Funds' separate series

¹ Investors in the External Fee FRIC Funds include (a) banking institutions, broker-dealers, investment advisers, charitable foundations, endowments, and qualified pension plans, including IRA plans, which have negotiated and entered into a written agreement with FRIMCo establishing the investment services fee to be paid FRIMCo for assets invested in the External Fee FRIC Funds by those entities both for their own account as well as on behalf of their clients for whom they may be acting in either an agency or discretionary capacity, and (b) individuals with investable assets of \$5 million or more, who have negotiated and entered into a written agreement with FRIMCo for all assets invested in the External Fee FRIC Funds. Applicants also may make shares of the External Fee FRIC Funds available to employees of FRC and its affiliates. These employees will pay an investment services fee to FRIMCo which is consistent for all employees.

are referred to herein as the "Portfolios."

3. FRIMCo is a registered investment adviser, organized as a Washington corporation. The Funds have engaged FRIMCo as their investment adviser pursuant to an investment management agreement. FRIMCo as engaged, or will engage, one or more sub-advisers ("Money Managers") pursuant to an investment management agreement ("Portfolio Management Agreement") to exercise investment discretion over the assets of each Portfolio. Each Portfolio, except for the money market Portfolios and a real estate securities Portfolio, has two or more Money Managers.

4. FRC, the parent company of FRIMCo, is a registered investment adviser, organized as a Washington corporation. FRC provides portfolio structuring and Money Manager evaluation services to FRIMCo, but receives no separately stated fee from the Funds for its services.

5. RFD is a registered broker-dealer, organized as a Washington corporation. RFD is a wholly-owned subsidiary of FRIMCo and serves as the distributor of the Funds' shares.

6. In contrast to the majority of investment companies that have a single organization serving as the manager/administrator and the investment adviser, the Funds divide responsibility for corporate management and investment advice between FRIMCo and the Money Managers. The Funds employ a "multi-style, multi-manager" method of investment, under which FRIMCo, using the consulting services of FRC, selects and monitors for each Portfolio multiple Money Managers using a range of manager styles.

7. FRIMCo performs internal due diligence on prospective Money Managers for each Portfolio and thereafter monitors their performance through quantitative and qualitative analysis, as well as actual consultations with the Money Managers. FRIMCo has responsibility for communicating performance expectations and evaluations to the Money Managers, supervising compliance with the Portfolios' investment policies and objectives, recommending to the board of directors of the Funds whether Portfolio Management Agreements should be renewed, modified, or terminated, and recommending to the Funds' directors the addition of new Money Managers. For its services, FRIMCo receives a management fee from the Portfolios. FRIMCo pays the Money Managers from these fees.

8. In 1981, the SEC issued an order to permit the FRIC Portfolios to hire and contract with Money Managers without

obtaining shareholder approval through a proxy solicitation, and to exempt the FRIC Portfolios from the requirement to discuss the fees paid for FRIMCo to the Money Managers of the funds.² In 1988, the SEC issued an order to exempt the RIF Funds from the requirement to disclose the fees paid by FRIMCo to the Money Managers of the RIF Portfolios.³ The requested order would supersede the 1981 and 1988 orders.

9. Applicants request an exemption from section 15(a) and rule 18f-2 to permit FRIMCo to enter into Portfolio Management Agreements with Money Managers, other than Money Managers that are affiliated persons (as defined in section 2(a)(3) of the Act) of the Fund for FRIMCo other than by reason of serving as a Money Manager to one or more of the Funds (an "Affiliated Money Manager"), without such agreements being approved by the shareholders of the applicable Portfolio. In lieu of the shareholder voting requirement, applicants will provide shareholders with an information statement that includes all the information concerning a new Money Manager or Portfolio Management Agreement that would be included in a proxy statement.

10. Applicants propose to disclose (both as a dollar amount and as a percentage of a Portfolio's net assets) in the Funds' registration statements and other public documents only the aggregate amount of fees paid by FRIMCo to all the Money Managers of a Portfolio ("Aggregate Fee Disclosure"). Aggregate Fee Disclosure means: (a) the total advisory fee charged by FRIMCo to the Portfolio; (b) the aggregate fees paid by FRIMCo to all Money Managers managing assets of the Portfolio; and (c) the net advisory fee retained by FRIMCo with respect to the Portfolio after FRIMCo pays all Money Managers managing assets of that Portfolio. For any Fund that employs an Affiliated Money Manager, "Aggregate Fee Disclosure" also will include separate disclosure of any fees paid to such Affiliated Money Manager.

Applicants' Legal Analysis

1. Section 15(a) makes it unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by a

majority of the investment company's outstanding securities. Rule 18f-2 provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

2. Applicants state that primary responsibility for management of the Funds, in particular, the selection and supervision of the Money Managers, will be vested in FRIMCo, subject to oversight and approval by the Funds' directors. Applicants argue that the multi-manager, multi-style structure used by FRIMCo is clearly described in the Funds' prospectuses, and that shareholders invest in the Funds expecting FRIMCo to change Money Managers when appropriate. Applicants also assert that requiring shareholders to approve every Money Manager change would prevent FRIMCo from performing on a timely and effective basis the principal function the shareholders are paying it to perform—the selection, monitoring, and changing of Money Managers. Applicants contend that requiring shareholder approval would not only result in unnecessary administrative expense to a Portfolio, but could result in harmful delays in executing changes in Money Managers that FRIMCo and the Funds' directors may determine are necessary.

3. Section 15(a)(1) provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract which "precisely describes all compensation to be paid thereunder."

4. Items 2, 5(b)(iii), and 16(a)(iii) of Form N-1A require the Funds to disclose in their prospectuses the investment adviser's compensation and the method of computing the advisory fee.

5. Item 3 of Form N-14, the registration form for business combinations involving mutual funds, requires the inclusion of a "table showing the current fees for the registrant and the company being acquired and pro forma fees, if different, for the registrant after giving effect to the transaction using the format prescribed" in item 2 of Form N-1A.

6. Rule 20a-1 under the Act requires proxies solicited with respect to an investment company to comply with Schedule 14A under the Exchange Act. Item 22 of Schedule 14A sets forth the requirements concerning the information that must be included in a proxy statement. Item 22(a)(3)(iv) requires a proxy statement for a shareholder meeting at which a new fee will be established or an existing fee increased to include a table of the

current and pro forma fees using the format prescribed in item 2 of Form N-1A. Items 122(c)(1)(ii), 22(c)(1)(iii), 22(c)(8), and 22(c)(9), taken together, require that a proxy statement for a shareholder meeting at which an advisory contract is to be voted upon shall include the "rate of compensation of the investment adviser," the "aggregate amount of the investment adviser's fee," the "terms of the contract to be acted upon," and, if a change in fees is proposed, the existing and proposed rate schedule for advisory fees paid to their advisers, including the Money Managers.

7. Item 48 of Form N-SAR provides that the Funds must disclose the rate schedule for advisory fees paid to their advisers, including the Money Managers.

8. Items 6-07(2) (a), (b), and (c) of Regulation S-X require that the Funds' financial statements contain information concerning fees paid to the Money Managers.

9. Applicants submit that it is consistent with the policy of the Act and the protection of investors to exempt applicants from the requirement to disclose individual Money Manager fees because applicants believe that such disclosure is likely to inhibit or eliminate FRIMCo's ability to negotiate fees below the Money Managers' "posted" fee schedules. Applicants argue that any advantage that FRIMCo would gain in negotiating fee arrangements with Money Managers would inure ultimately to the benefit of the shareholders of the Portfolios because it would be possible for FRIMCo to pass the benefits of a lower sub-advisory fee on to the Portfolios, although FRIMCo is not legally or contractually obligated to do so.⁴ They also maintain that the ability to negotiate fee reductions is a critical element in their multi-style, multi-manager fund structure and the Funds' ability to offer investors a multi-manager investment product at a price which is competitive with single adviser funds.

10. Applicants assert that because all shareholders of the Funds will be fully advised of the fees charged by FRIMCo for its management services (which include compensating the Money Managers), each shareholder will have the information to determine whether, in its judgment, the total package of

²Investment Company Act Release Nos. 11944 (Sept. 21, 1981) (notice) and 11986 (Oct. 14, 1981) (order). At the time of the 1981 order, FRIC had only seven portfolios, all of whose investors paid an advisory fee directly to FRIMCo.

³Investment Company Act Release Nos. 16309 (Mar. 9, 1988) (notice) and 16351 (Apr. 7, 1988) (order).

⁴Fund directors would be required to take the amounts paid by FRIMCo to the Money Managers into account when assessing the profitability of the advisory agreements to FRIMCo during the course of their annual review of the Funds' management and sub-advisory arrangements under sections 15 and 36(b) of the Act.

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]
BILLING CODE 8010-01-M

[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)¹ of the Securities Exchange Act of 1934 ("Act") that the Commission grant GSCC full registration as a clearing agency under Section 17A of the Act² 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.³ On March 13,

¹ 15 U.S.C. 78s(a)(1) (1988).

² 15 U.S.C. 78q-1 (1988).

³ 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.