

5. Chase proposes to provide foreign custody services to UITs through the facilities of Euroclear and Cedel (the "Transnational Depositories") pursuant to arrangements that will mirror the requirements applicable to registered management investment companies under rule 17f-5, with the specific modifications set forth below.

6. A significant difference between the operation of a management investment company and a UIT is that the former is governed by a board of directors, while the latter is not. Rule 17f-5 imposes certain responsibilities on the board with respect to foreign custody arrangements. Accordingly, Chase will utilize the services of the Transnational Depositories to hold the assets of UITs for which Chase acts as trustee only where the duties assigned by rule 17f-5 (as now in effect or as it may be amended in the future) to the board of directors of management companies are performed in the manner set forth below.

7. Prior to placing or holding foreign securities of a UIT in a Transnational Depository, Chase will:

(a) Make such determinations with respect to (i) the particular country or countries in which the UIT's assets will be held, and (ii) the Transnational Depository in which the UIT's assets will be held;

(b) Enter into such written contract to govern the manner in which the Transnational Depository will maintain the UIT's assets; and

(c) Establish such system to monitor the foreign custody arrangements to ensure compliance with the proposed provisions of the order requested herein; as rule 17f-5, as now in effect or as it may be amended in the future, requires of the board of a management investment company before it may place the assets of such company in the custody of a foreign custodian. Chase will memorialize in writing its determinations referred to in (a) above, and the reasons therefor. Chase will exercise reasonable care in the performance of the above-mentioned duties.

8. The trust indenture will contain a provision under which Chase agrees to indemnify any UIT relying on the relief requested herein against any loss that occurs as the result of a Transnational Depository's willful misfeasance, reckless disregard, bad faith, or gross negligence in performing its custodial duties.

9. Applicants believe that the requested order satisfies the section 6(c) standard. The requested exemptive order is necessary and appropriate in

the public interest to permit UITs for which Chase serves as trustee to have access to the custody services of the Transnational Depositories. Absent an exemptive order, Chase will be unable to offer these services to such UITs. Chase believes that encouraging the growth of responsible book-entry systems for the clearance, settlement, and safeguarding of securities is in the public interest. In addition, Chase believes that requiring unitholders to bear the substantial additional expense of holding UIT securities outside of the Transnational Depositories would be contrary to the best interests of unitholders and to the public policy positions cited above. Chase, moreover, believes that securities deposited in the Transnational Depositories are at least as effectively protected as the same securities would be if directly deposited with a foreign branch of a U.S. bank, or shipped to the U.S. for custody.

Applicant's Conditions

Applicant agrees that the order granting the requested relief shall be subject to the following conditions:

1. The trust indenture will contain provisions under which Chase agrees to indemnify any UIT relying on the relief requested herein against any loss occurring as a result of a Transnational Depository's willful misfeasance, reckless disregard, bad faith, or gross negligence in performing custodial duties.

2. The trust indenture will contain provisions under which Chase agrees to perform all the duties assigned by rule 17f-5, as now in effect or as it may be amended in the future, to the boards of directors of management investment companies. Chase's duties under this condition will not be delegated.

3. The prospectus of any UIT relying on the relief requested herein will contain such disclosure regarding foreign securities and foreign custody as is required for management investment companies by Forms N-1A and N-2.

4. Chase will maintain and keep current written records regarding the basis for the choice or continued use of a particular Transnational Depository. These records will be preserved for a period of not less than six years from the end of the fiscal year in which the UIT was terminated, the first two years in an easily accessible place. Such records will be available for inspection at Chase's main offices during Chase's usual business hours, by unitholders and by the SEC or its staff.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-840 Filed 1-22-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 21676; International Series Release No. 917; 812-9872]

Credit Suisse; Notice of Application

January 16, 1996.

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

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

APPLICANT: Credit Suisse.

RELEVANT ACT SECTIONS: Order under section 6(c) of the Act for an exemption from section 17(f) of the Act.

SUMMARY OF APPLICATION: Credit Suisse requests an order that would permit United States registered investment companies other than investment companies registered under section 7(d) (a "U.S. Investment Company"), for which Credit Suisse serves as custodian or subcustodian, to maintain foreign securities and other assets in Russia with Credit Suisse (Moscow) Ltd. ("Credit Suisse (Moscow)"), a wholly-owned subsidiary of Credit Suisse.

FILING DATES: The application was filed on December 6, 1995 and amended on January 11, 1996.

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 February 12, 1996, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street NW., Washington, DC 20549. Applicant: Credit Suisse, Paradeplatz 8, CH-8001 Zurich, Switzerland; cc: Daniel L. Goelzer, Esq., Baker & McKenzie, 815 Connecticut Avenue NW., Washington, DC, 20006-4078.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942-0562, or Robert A. Robertson,

Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Credit Suisse requests an order to permit Credit Suisse, Credit Suisse (Moscow), any U.S. Investment Company, and any custodian for a U.S. Investment Company to maintain foreign securities, cash, and cash equivalents (collectively, "Assets") in the custody of Credit Suisse (Moscow). For the purposes of this application, "foreign securities" includes: (a) Securities issued and sold primarily outside the United States by a foreign government, a national of any foreign country, or a corporation or other organization incorporated or organized under the laws of any foreign country; and (b) securities issued or guaranteed by the Government of the United States or by any state or any political subdivision thereof or by any agency thereof or by any entity organized under the laws of the United States or by any entity organized under the laws of the United States or of any state thereof which have been issued and sold primarily outside the United States.

2. Credit Suisse is a company organized and existing under the laws of Switzerland. Credit Suisse is regulated in Switzerland by the Swiss Federal Banking Commission and is subject to the Federal Law on Banks and Savings Institutions dated November 8, 1934. Credit Suisse is a 99.9% owned direct subsidiary of CS Holding, a Swiss public company, which, together with Credit Suisse and its other subsidiaries, is one of the leading financial services institutions in the world and currently provides a network of worldwide custody services. In the United States, Credit Suisse has branch banking operations, representative offices, and as a result, is subject to the Bank Holding Company Act of 1956 and the International Banking Act of 1978. At December 31, 1994, Credit Suisse had consolidated shareholders' equity in excess of the equivalent of \$10 billion.

3. Credit Suisse (Moscow) was incorporated in Russia in 1993 and operates under General License No. 2494. It is a 98% owned direct subsidiary of Credit Suisse. Credit Suisse (Moscow) is regulated by the Central Bank of the Russian Federation under the Law on Banks and Banking

Activity of 1991, as amended in 1992 and 1995.

4. Credit Suisse requests relief to permit Credit Suisse, as custodian or subcustodian for a U.S. Investment Company, when custody services are required in Russia, to deposit, or cause or permit the U.S. Investment Company to deposit, its Assets with Credit Suisse (Moscow) as delegate for Credit Suisse.

Applicant's Legal Analysis

1. Section 17(f) of the Act requires every registered management investment company to place and maintain its securities and similar investments in the custody of certain enumerated entities, including a bank having at all times aggregate capital, surplus, and undivided profits of at least \$500,000. A "bank", as that term is defined in section 2(a)(5) of the Act, includes: (a) A banking institution organized under the laws of the United States; (b) a member bank of the Federal Reserve System; and (c) any other banking institution or trust company, whether incorporated or not, doing business under the laws of any state or of the United States, a substantial portion of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks, which is supervised or examined by state or federal authority having supervision over banks, and which is not operated for the purposes of evading the Act.

2. The only entities located outside the United States that section 17(f) authorizes to serve as custodians for registered management investment companies are the overseas branches of qualified U.S. banks. Rule 17f-5 expands the group of entities that are permitted to serve as foreign custodians. The rule defines the term "Eligible Foreign Custodian" to include a banking institution or trust company, incorporated or organized under the laws of a country other than the United States, that is regulated as such by that country's government or an agency thereof and that has shareholders' equity in excess of \$200,000,000 or its equivalent. Credit Suisse is an Eligible Foreign Custodian under the rule.

3. Credit Suisse (Moscow) satisfies the requirements of rule 17f-5, except it does not meet the minimum shareholders' equity requirement. Accordingly, it is not an Eligible Foreign Custodian and, absent exemptive relief, could not serve as a custodian for U.S. Investment Company Assets.¹

¹ Russian clearing and custody procedures differ substantially from the procedures generally employed elsewhere. Other than the requested

4. Section 6(c) provides, in relevant part, that the SEC may, conditionally or unconditionally, by order, exempt any person or class of persons from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act. Credit Suisse believes that its request satisfies this standard.

Applicant's Conditions

Applicant agrees that any SEC order granting the requested relief shall be subject to the following conditions:

1. The foreign custody arrangements proposed regarding Credit Suisse (Moscow) satisfy the requirements of rule 17f-5 in all respects other than Credit Suisse (Moscow)'s level of shareholder's equity.

2. Credit Suisse, when providing custody services to a U.S. Investment Company, will deposit Assets with Credit Suisse (Moscow) only in accordance with one of the two contractual arrangements described below, which arrangement will remain in effect at all times during which Credit Suisse (Moscow) fails to satisfy the shareholders' equity requirement of rule 17f-5.

a. *The Three-Party Agreement Arrangement.* Under this arrangement, the agreement will be a three-party agreement (the "Agreement") among (i) Credit Suisse, (ii) Credit Suisse (Moscow) and (iii) the U.S. Investment Company, or the custodian for a U.S. Investment Company pursuant to which Credit Suisse will undertake to provide specified custody services, and will delegate to Credit Suisse (Moscow) such of the duties and obligations of Credit Suisse as will be necessary to permit Credit Suisse (Moscow) to hold in custody the U.S. Investment Company's Assets. The Agreement further will provide that Credit Suisse will be liable for any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance by Credit Suisse (Moscow) of its responsibilities under the Agreement to the same extent as if Credit Suisse had itself been required to provide custody services under the Agreement.

exemption to permit Credit Suisse (Moscow) to qualify as an "eligible foreign custodian," applicant is not requesting an exemption from section 17(f) or rule 17f-5 for any other aspect of the custody or clearing procedures employed in Russia. Moreover, applicant acknowledges that any SEC order will not constitute a determination by the SEC that the Russian clearing and custody procedures comply with section 17(f) or the rules thereunder.

b. *The Custody Agreement/ Subcustody Agreement Arrangement.* Under this arrangement, Assets will be deposited with Credit Suisse (Moscow) in accordance with the Custody Agreement and Subcustody Agreement described below.

i. The Custody Agreement will be between Credit Suisse and the U.S. Investment Company or any custodian for a U.S. Investment Company. In that agreement, Credit Suisse will undertake to provide specified custody or subcustody services, and the U.S. Investment Company (or its custodian) will authorize Credit Suisse to delegate to Credit Suisse (Moscow) such of Credit Suisse's duties and obligations as will be necessary to permit Credit Suisse (Moscow) to hold in custody the U.S. Investment Company's Assets. The Custody Agreement further will provide that Credit Suisse will be liable for any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance by Credit Suisse (Moscow) of its responsibilities to the same extent as if Credit Suisse had itself been required to provide custody services under the Custody Agreement.

ii. A Subcustody Agreement will be executed by Credit Suisse and Credit Suisse (Moscow). Pursuant to this agreement, Credit Suisse will delegate to Credit Suisse (Moscow) such of Credit Suisse's duties and obligations as will be necessary to permit Credit Suisse (Moscow) to hold Assets in custody in Russia. The Subcustody Agreement will explicitly provide that (i) Credit Suisse (Moscow) is acting as a foreign custodian for Assets that belong to a U.S. Investment Company pursuant to the terms of an exemptive order issued by the SEC and (ii) the U.S. Investment Company or its custodian (as the case may be) that has entered into a Custody Agreement will be entitled to enforce the terms of the Subcustody Agreement and can seek relief directly against Credit Suisse (Moscow). Further, the Subcustody Agreement will be governed either by the law of the state of New York, the law of Switzerland or the law of England. If it is governed by the law of Switzerland or the law of England, Credit Suisse shall obtain an opinion of counsel in Switzerland or England, as the case may be, opining as to the enforceability of the rights of a third party beneficiary under the laws of that country.

3. Credit Suisse currently satisfies and will continue to satisfy the minimum shareholders' equity requirement set forth in rule 17f-5(c)(2)(i).

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-839 Filed 1-22-96; 8:45 am]

BILLING CODE 8010-01-M

SURFACE TRANSPORTATION BOARD¹

[Finance Docket No. 32530]

Kansas City Southern Railway Company—Construction and Operation Exemption—Geismar Industrial Area Near Gonzales and Sorrento, Louisiana

On October 30, 1995, the Interstate Commerce Commission's Section of Environmental Analysis (SEA) notified all interested parties that SEA will prepare an Environmental Impact Statement (EIS) in this proceeding and conduct a public scoping meeting on November 30, 1995. SEA advised parties that they may submit written comments regarding environmental concerns to the Commission by December 30, 1995.

Several parties have requested that the comment period be extended an additional 30 days. SEA notifies all the parties that the scoping comment period is extended to January 29, 1996.

FOR FURTHER INFORMATION CONTACT: Michael Dalton at (202) 927-6202 or Elaine Kaiser at (202) 927-6248, Section of Environmental Analysis, Room 3219, Office of Economic and Environmental Analysis, Surface Transportation Board, 12th and Constitution Avenue NW., Washington, DC 20423. TDD for the hearing impaired: (202) 927-5721.

By the Board, Elaine K. Kaiser, Chief, Section of Environmental Analysis.

Vernon A. Williams,

Secretary.

[FR Doc. 96-825 Filed 1-22-96; 8:45 am]

BILLING CODE 4915-00-P

¹The ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803 (the Act), which was enacted on December 29, 1995, and took effect on January 1, 1996, abolished the Interstate Commerce Commission (ICC) and transferred certain functions and proceedings to the Surface Transportation Board (Board). Section 204(b)(1) of the Act provides, in general, that proceedings pending before the ICC on the effective date of that legislation shall be decided under the law in effect prior to January 1, 1996, insofar as they involve functions retained by the Act. This notice relates to a proceeding that was pending with the ICC prior to January 1, 1996, and to functions that are subject to Board jurisdiction pursuant to section 49 U.S.C. 10901. Therefore, this notice applies the law in effect prior to the Act, and citations are to the former section of the statute, unless otherwise indicated.

DEPARTMENT OF TRANSPORTATION

Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q during the Week Ending January 5, 1996

The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 et. seq.). The due date for Answers, Conforming Applications, or Motions to modify Scope are set forth below for each application. Following the Answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

Docket Number: OST-96-981

Date filed: January 2, 1996

Due Date for Answers, Conforming Applications, or Motion to Modify Scope: January 30, 1996

Description: Application of Continental Airlines, Inc., pursuant to 49 U.S.C. Section 41102 and Subpart Q of the Regulations, applies for a certificate of public convenience and necessity authorizing Continental to provide scheduled foreign air transportation of persons, property and mail between Newark, New Jersey and Manchester, England. Continental also requests the right to combine service at the points on this route segment with service at other points Continental is authorized to serve by certificates or exemptions consistent with applicable international agreements.

Docket Number: OST-96-984

Date filed: January 3, 1996

Due Date for Answers, Conforming Applications, or Motion to Modify Scope: January 31, 1996

Description: Application of Trans World Airlines, Inc., pursuant to 49 U.S.C. Section 41108, and Subpart Q of the Regulations, applies for renewal of its certificate of public convenience and necessity for Route 612, authorizing it to engage in foreign air transportation of persons, property and mail between New York, on the one hand, and Moscow, Russia on the other hand.

Docket Number: OST-96-989

Date filed: January 5, 1996

Due Date for Answers, Conforming Applications, or Motion to Modify Scope: February 2, 1996

Description: Application of American Airlines, Inc. pursuant to 49 U.S.C. Section 41108, applies for a certificate