

White Flint North, 11555 Rockville Pike, Rockville, MD 20852 or by mail addressed to the Executive Director for Operations, U.S. Nuclear Regulatory Commission, Washington, DC 20555.

In addition to meeting other applicable requirements of 10 CFR Part 2 of the NRC's regulations, a request for a hearing filed by a person other than an applicant must describe in detail:

(1) The interest of the requestor in the proceeding;

(2) How that interest may be affected by the results of the proceeding, including the reasons why the requestor should be permitted a hearing, with particular reference to the factors set out in § 2.1205(g);

(3) The requestor's areas of concern about the licensing activity that is the subject matter of the proceeding; and

(4) The circumstances establishing that the request for a hearing is timely in accordance with § 2.1205(c).

The request must also set forth the specific aspect or aspects of the subject matter of the proceeding as to which petitioner wishes a hearing.

Dated at Rockville, MD, this 29th day of January 1996.

For the U.S. Nuclear Regulatory Commission.

Joseph J. Holonich,

Chief, High-Level Waste and Uranium Recovery Projects Branch, Division of Waste Management, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 96-2440 Filed 2-5-96; 8:45 am]

BILLING CODE 7590-01-P

#### [Docket No. 50-146]

#### **Saxton Nuclear Experimental Corp.; Withdrawal of Application for Amendment to Amend Facility License**

The U.S. Nuclear Regulatory Commission (the Commission) has granted the request of the Saxton Nuclear Experimental Corporation (the licensee) to withdraw its June 2, 1995, application for proposed amendment to Amended Facility License No. DPR-4 for the Saxton Nuclear Experimental Facility (SNEF), located in Saxton, Pennsylvania.

The proposed amendment would have revised the organizational structure associated with the SNEF and would revise the description and drawing of the SNEF site to reflect multiple gates in the SNEF fence.

The Commission had previously issued a Notice of Consideration of Issuance of Amendment published in the Federal Register on August 16, 1995 (60 FR 42607). However, by letter dated November 21, 1995, the licensee withdrew the proposed change.

For further details with respect to this action, see the application for amendment dated June 2, 1995, and the licensee's letter dated November 21, 1995, which withdrew the application for license amendment. The above documents are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Saxton Community Library, 911 Church Street, Saxton, Pennsylvania 16678.

Dated at Rockville, MD, this 30th day of January 1996.

For the Nuclear Regulatory Commission.  
Seymour H. Weiss,

Director, Non-Power Reactors and  
Decommissioning Project Directorate,  
Division of Reactor Program Management,  
Office of Nuclear Reactor Regulation.

[FR Doc. 96-2439 Filed 2-5-96; 8:45 am]

BILLING CODE 7590-01-P

#### **SECURITIES AND EXCHANGE COMMISSION**

[Rel. No. IC-21723; 812-9768]

#### **The Lipper Fund, Inc., et al.; Notice of Application**

January 30, 1996.

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

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

**APPLICANTS:** The Lipper Funds (the "Fund"), Lipper Intermediate Investment Fund No. 2, L.P. (the "Debt Partnership"), Prime Lipper Europe Fund, L.P. (the "European Equities Partnership" and, together with the Debt Partnership, the "Partnerships"), Lipper & Company, L.P. ("Lipper"), Lipper & Company, L.L.C. ("LAC"), and Prime Lipper Asset Management ("Prime Lipper").

**RELEVANT ACT SECTIONS:** Order requested under section 17(b) of the Act for an exemption from section 17(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants seek an order that would permit the exchange of assets of the Partnerships for shares of series of the Fund, after which each Partnership will dissolve and distribute the shares *pro rata* to its partners.

**FILING DATE:** The application was filed on August 23, 1995 and amended on November 30, 1995 and 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 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 February 26, 1996, and should be accompanied by proof of service on 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 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 101 Park Avenue, New York, New York 10178.

**FOR FURTHER INFORMATION CONTACT:** Deepak T. Pai, Staff Attorney, at (202) 942-0574, or Alison E. Baur, 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 Partnerships are Delaware limited partnerships that commenced operations in 1992. Each Partnership is an investment partnership which is not registered under the Act in reliance on section 3(c)(1) of the Act. Interests in the Partnerships have not been registered under the Securities Act of 1933 in reliance on section 4(2) of the Securities Act.

2. The Fund is an open-end management investment company organized as a Maryland corporation. The Fund filed a notification of registration under the Act and a registration statement on Form N-1A on October 10, 1995. The Fund's registration statement was declared effective on December 29, 1995. The Fund will offer series of shares, including Lipper High Income Bond Fund ("LHIF") and Prime Lipper Europe Equity Fund ("PLEF," and, together with LHIF, the "Portfolios"). Each Portfolio has separate classes of shares consistent with applicable state law and rule 18f-3 under the Act.

3. Lipper, a Delaware limited partnership, is the sole general partner of the Debt Partnership. LAC, a Delaware limited liability company, is an affiliate of Lipper and serves as investment adviser for LHIF. Prime Lipper, a New York general partnership,

is the sole general partner of the European Equities Partnership and is PLEF's investment adviser. Lipper, LAC and Prime Lipper are each registered under the Investment Advisers Act of 1940. Each of Lipper and Prime Lipper has maintained an investment in the Partnerships for which it is general partner of not less than \$500,000 or 1% of the net assets of such Partnerships, and is allocated net income, gains, and losses of the Partnerships in accordance with its investment.<sup>1</sup>

4. Applicants propose that each Partnership exchange its assets for Portfolio shares, after which the Partnerships would dissolve and distribute the shares of its partners on a *pro rata* basis ("Portfolio Transfers"). After the Portfolio Transfers, partners of the Partnership will constitute all of the holders of the Portfolio shares. The Portfolio Transfers were proposed to permit the limited partners to pursue, as shareholders of the Portfolios, substantially the same investment objectives and policies in a potentially larger fund with potentially greater economies of scale, with a substantially lower minimum initial investment, greater liquidity, and more frequent access to information concerning the value of their investments.

5. Under the Portfolio Transfers, the Debt Partnership will exchange its Partnership interests for shares of LHIF. The investment objective of the Debt Partnership is to achieve high yields while preserving capital, and LHIF's investment objective is high current income. The Debt Partnership invests primarily in a diversified portfolio of yield-oriented securities with maturities of less than 10 years, and LHIF will do the same. The portfolio manager of the Debt Partnership serves as the portfolio manager of LHIF.

6. The European Equities Partnership will exchange its Partnership interests for shares of PLEF. The investment objective of the European Equities Partnership is to achieve capital appreciation by investing in European stocks with attractive growth potential, and PLEF's investment objective is substantially the same. The portfolio manager of the European Equities Partnership will serve as the portfolio manager of PLEF.

7. Each limited partner of each Partnership may elect to (a) request that the general partner of the Partnership transfer all or a portion of the limited partner's distributive share of assets to

the corresponding Portfolio in exchange for shares of the Portfolio, and/or (b) receive portfolio securities, cash and/or cash equivalents. Following the liquidations, each Partnership will be terminated in accordance with the appropriate limited partnership agreement and Delaware law.

8. Prior to the liquidations, each Partnership will discharge all of its known liabilities and obligations. If necessary, each Partnership also will establish reserves to cover unknown and contingent liabilities and obligations. Any amounts remaining in a reserve that are not used to pay such liabilities will be distributed *pro rata* to the limited partners of the corresponding Partnership. All unsatisfied liabilities and obligations of a Partnership will be the responsibility of its general partner. The Portfolios are not expected to assume any liabilities, expenses or obligations of the Partnerships.

9. The general partners of the Partnerships have considered the desirability of the Portfolio Transfers from the point of view of the Partnerships, and have concluded that (a) the Portfolio Transfers are in the best interests of each Partnership and its limited partners, and (b) the Portfolio Transfers will not dilute the interests of the limited partners when their Partnership interests are converted to Portfolio shares.

10. In a meeting of the Fund's Board of Directors, a majority of the directors, including a majority of the non-interested directors, concluded that (i) the Portfolio Transfers are in the best interests of each Portfolio and the limited partners, (ii) the Portfolio Transfers will not dilute the interests of each Portfolios' shareholders and the Partnerships' limited partners, and (iii) the terms of the Portfolio Transfers have been designed to meet the criteria contained in section 17(b) of the Act, that the Portfolio Transfers are reasonable and fair, do not involve overreaching, and are consistent with the policies of each Portfolio.

11. The Portfolios will acquire the Partnerships' portfolio securities at their independent "current market price," as defined in rule 17a-7 under the Act.<sup>2</sup> No Portfolio will acquire securities that, in the opinion of its adviser, would result in a violation of the Portfolio's investment objectives, policies, or restrictions.

<sup>2</sup> Rule 17a-7 exempts purchases or sales of securities from section 17(a) for which market quotations are readily available between investment companies affiliated solely by reason of having a common adviser, common directors, and or common officers.

12. Lipper, LAC and Prime Lipper have agreed to pay all expenses of the Portfolio Transfers, other than the initial organizational expenses of the Fund. There are expected to be no additional expenses incurred in connection with the transaction, and no brokerage commission or other remuneration will be paid in connection with the transfers.

#### Applicants' Legal Conclusions

1. Section 17(a) of the Act prohibits an affiliated person of a registered investment company, or an affiliated person of such person, from selling to or purchasing from such investment company any security or other property. Section 2(a)(3) of the Act provides, in pertinent part, that an affiliated person includes any person directly or indirectly controlling, controlled by, or under common control with, such other person. Applicants contend that the Partnerships may be affiliated persons of the Fund by, among other reasons, being under the common control of Lipper or the advisers. LAC and Prime Lipper may be affiliated persons of the Fund because, at the time of the Portfolio Transfers, they are expected to be the sole shareholders of the Fund. Thus, applicants submit, the proposed exchange may be prohibited by section 17(a).

2. Section 17(b) authorizes the SEC to exempt a proposed transaction from section 17(a) if evidence establishes that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, the transaction is consistent with the policies of the registered investment company, and the transaction is consistent with the general purposes of the Act.

3. Applicants assert that the Portfolio Transfers satisfy the criteria of section 17(b). They contend that, given that each Portfolio and its corresponding Partnership has similar investment objectives and policies, the Portfolios will attempt to assemble a portfolio of securities substantially similar to that held by the Partnerships. Applicants assert that, by acquiring the Partnerships' portfolio securities at their independent "current market price," the price will be as advantageous to the Fund as open-market purchases. In addition, by acquiring suitable securities from the Partnerships, the Portfolios will avoid incurring brokerage and other transaction costs.

4. Applicants contend that the Portfolio Transfers can be viewed as a change in the form in which the assets are held, rather than as a disposition giving rise to section 17(a) concerns.

<sup>1</sup> Lipper and Prime Lipper received their respective general partnership interests in the Debt Partnership and the European Equities Partnership exclusively in exchange for cash and/or securities.

Applicants submit that the Portfolio Transfers are consistent with the general purposes of the Act because they do not give rise to the abuses that section 17(a) was designed to prevent, and, in fact, are consistent with the purposes underlying rule 17a-7.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-2404 Filed 2-5-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 21726; 812-9888]

### Schwab Capital Trust, et al.; Notice of Application

January 31, 1996.

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

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

**APPLICANTS:** Schwab Capital Trust (the "Trust"); Schwab Investments; The Charles Schwab Family of Funds; Charles Schwab Investment Management, Inc. ("CSIM"); and Charles Schwab & Co., Inc. ("Schwab").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) of the Act from section 12(d)(1) of the Act, under sections 6(c) and 17(b) of the Act from section 17(a) of the Act, and pursuant to section 17(d) of the Act and rule 17d-1 thereunder.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit the Trust to operate as a "fund of funds" and to acquire up to 100% of the voting shares of any acquired fund.

**FILING DATE:** The application was filed on December 14, 1995. Applicants have agreed to file an amendment during the notice period, the substance of which is included in this notice.

**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 February 26, 1996, and should be accompanied by proof of service on 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 may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 101 Montgomery Street, San Francisco, California 94104.

**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 a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

#### Applicants' Representations

1. The Trust is registered as an open-end management investment company under the Act. Currently, the Trust consists of five separate investment portfolios: Asset Director®-High Growth Fund, Asset Director®-Balanced Growth Fund, and Asset Director®-Conservative Growth Fund (collectively, the "Asset Director® Funds"); Schwab International Index Fund™; and Schwab Small-Cap Index Fund™.

2. Each Asset Director® Fund seeks to provide diversification among major asset categories (e.g., stocks, bonds, and cash equivalents) and stock sub-categories (e.g., large company stocks, small company stocks, and international stocks). All three Asset Director® Funds are designed to provide exposure to the growth potential of the stock market in varying degrees. A target mix and a defined range have been established for each asset category in each of the Asset Director® Funds. A target mix, but not a defined range, has been established for each stock sub-category.

3. CSIM is registered as an investment adviser under the Investment Advisers Act of 1940. CSIM is responsible for the overall management of the Asset Director® Funds' business affairs, subject to the authority of the Trust's board of trustees and officers. CSIM makes all portfolio securities selections, places all orders for the Asset Director® Funds' securities transactions, and has primary responsibility for the management of the Asset Director® Funds' investment portfolios. CSIM is a wholly-owned subsidiary of the Charles Schwab Corporation ("Schwab Corporation") and is the investment adviser and administrator for the mutual funds in the SchwabFunds® family of mutual funds.

4. Schwab is registered as a broker-dealer and transfer agent under the

Securities Exchange Act of 1934. Schwab also is a member of the National Association of Securities Dealers, Inc. ("NASD"). Schwab serves as the Asset Director® Funds' principal underwriter and transfer and shareholder servicing agent. Schwab is a wholly-owned subsidiary of Schwab Corporation.

5. Applicants propose a fund of funds arrangement whereby each Asset Director® Fund will invest in shares of portfolios of the following investment companies (the "Underlying Portfolios"): Schwab Investments; The Charles Schwab Family of Funds; and the Trust. In the Trust's case, the Underlying Portfolios currently are proposed to consist of Schwab International Index Fund™ and Schwab Small-Cap Index Fund™. Investments also may be made in money market instruments for temporary defensive purposes and to maintain liquidity. In addition, any assets that are not invested in Underlying Portfolios shares will be invested directly in stocks, bonds, and other types of instruments, including money-market instruments. Applicants request that any relief granted pursuant to the application also apply to any open-end management investment company that currently or in the future is part of the same "group of investment companies," as defined in rule 11a-3 under the Act, as the Trust (collectively, the "Schwab Funds").<sup>1</sup>

#### Applicants' Legal Analysis

1. Section 12(d)(91)(A) of the Act provides that no registered investment company may acquire securities of another investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of any other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired

<sup>1</sup> Rule 11a-3 under the Act defines "group of investment companies" as two or more companies that: (a) hold themselves out to investors as related companies for purposes of investment and investor services; and (b) that have a common investment adviser or principal underwriter. Although certain existing registered investment companies, or portfolios thereof, that are Schwab Funds do not presently intend to rely on the requested order, any such registered investment company, or portfolios thereof, would be covered by the order if they later proposed to enter into a fund of funds arrangement in accordance with the terms described in the application.