

Accounting Standards Advisory Board and adopted in its entirety by OMB.

**ADDRESSES:** Copies of the Statement of Federal Financial Accounting Standards No. 6, "Accounting for Property, Plant, and Equipment," may be obtained for \$6.50 each from the Superintendent of Documents, Government Printing Office, Washington, DC 20402-9325 (telephone 202-783-3238), Stock No. 041-001-00462-9.

**FOR FURTHER INFORMATION CONTACT:** Ronald Longo (telephone: 202-395-3993), Office of Federal Financial Management, Office of Management and Budget, 725-17th Street, N.W.—Room 6025, Washington, DC 20503.

**SUPPLEMENTARY INFORMATION:** This Notice indicates the availability of the sixth Statement of Federal Financial Accounting Standards, "Accounting for Property, Plant, and Equipment." The standard was recommended by the Federal Accounting Standards Advisory Board (FASAB) in September 1995, and adopted in its entirety by the Office of Management and Budget (OMB).

Under a Memorandum of Understanding among the General Accounting Office, the Department of the Treasury, and OMB on Federal Government Accounting Standards, the Comptroller General, the Secretary of the Treasury, and the Director of OMB decide upon principles and standards after considering the recommendations of FASAB. After agreement to specific principles and standards, they are to be published in the Federal Register and distributed throughout the Federal Government.

G. Edward DeSeve,  
*Controller.*

[FR Doc. 96-14689 Filed 6-10-96; 8:45 am]

BILLING CODE 3110-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22004; 812-10014]

### Norwest Funds, et al.; Notice of Application

June 4, 1996.

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

**ACTION:** Notice of application for exemption Under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** Norwest Advantage Funds, Norwest Select Funds, Core Trusts (collectively, the "Trusts") and Norwest Bank Minnesota, N.A. ("Norwest").

**RELEVANT ACT SECTION:** Order requested under rule 17d-1 to permit certain

transactions in accordance with section 17(d) of the Act and rule 17d-1 thereunder.

**SUMMARY OF APPLICATION:** Applicants request an order to permit the series of certain investment companies and certain private accounts to deposit daily cash balances in one or more joint accounts to be used to enter into short-term investments.

**FILING DATES:** The application was filed on February 26, 1996 and amended on May 16, 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 July 1, 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 5th Street, N.W., Washington, D.C. 20549. Applicants, Forum Financial Services, Inc., Two Portland Square, Portland, Maine 04101; Norwest Bank Minnesota, N.A., Norwest Center, Sixth and Marquette, Minneapolis, Minnesota 55479-1026.

**FOR FURTHER INFORMATION CONTACT:** Suzanne Krudys, Senior Counsel, at (202) 942-0641, or Alison E. Baur, Branch Chief, (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**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, organized as Delaware business trusts, are registered open-end management investment companies comprised of multiple series (the "Series"). Existing and future series of the Trusts and other registered investment companies or Series thereof that are advised by Norwest are collectively referred to as the "Funds" and individually as a "Fund." Norwest, a national bank, serves as investment adviser to each Fund. Norwest also serves as transfer agent, custodian, shareholder servicing and dividend paying agent of each Trust. The term

"Norwest" shall include, in addition to the company itself, any other entity controlling, controlled by or under common control with Norwest that acts in the future as investment adviser for the Trusts or other investment companies.

2. Applicants request relief on behalf of themselves and also any present or future Series and Funds that are advised by Norwest, or any entity controlling, controlled by, or under common control with Norwest and any individual corporate, charitable, endowment, common and collective trust fund, public entity, individual and retirement accounts for which Norwest serves as investment adviser (the "Private Accounts"). All Funds that currently intend to rely on the requested order are named as applicants.

3. All of the Funds are authorized to invest at least a portion of their uninvested cash balances in short-term liquid assets. Private Accounts are invested by Norwest in accordance with each Private Accounts' investment objectives, policies and restrictions. Assets of the Funds and Private Accounts are held by Norwest as custodian (the "Custodian").

4. The Funds and Private Accounts have uninvested cash balances in their accounts at the Custodian that are not otherwise invested in portfolio securities. Generally, such cash balances are invested in short-term liquid assets, such as commercial paper or U.S. Treasury bills. Cash balances may also be invested in shares of the money market series of the Trusts.<sup>1</sup>

5. Applicants propose to deposit daily cash balances of the Funds and Private Accounts into one or more joint accounts (the "Joint Accounts") established at the Custodian and to invest the daily balance of the Joint Account in: (a) Repurchase agreements "collateralized fully" (as defined in rule 2a-7 under the Act); (b) interest-bearing or discounted commercial paper, including dollar denominated commercial paper of foreign issuers; and (c) any other short-term money market instruments, including variable rate demand notes and other tax exempt money market instruments, that constitute "Eligible Securities" (as defined in rule 2a-7 under the Act) (collectively, "Short-Term Investments"). The Funds and Private Accounts that are eligible to participate in a Joint Account and that elect to

<sup>1</sup> An SEC exemptive order permits Funds advised by Norwest to invest their cash balances in shares of certain affiliated money market series. See *Norwest Funds*, Investment Company Act Release Nos. 20940 (Mar. 6, 1995) (notice) and 20983 (Apr. 3, 1995) (order).

participate in such Account are collectively referred to as "Participants."

6. A Participant's decision to use a Joint Account will be based on the same factors as its decision to make any other short-term liquid investment. The sole purpose of the Joint Accounts is to provide a convenient means of aggregating what otherwise would be one or more daily transactions for some or all Participants necessary to manage their respective daily account balances.

7. Norwest would be responsible for investing funds held by the Joint Accounts, establishing accounting and control procedures, and ensuring fair treatment of Participants. Norwest would manage investments in the Joint Accounts in essentially the same manner as if it had invested in such instruments on an individual basis for each Fund or Private Account. A Participant will be able to transfer a portion of its cash balances to more than one Joint Account and a Joint Account would be permitted to invest in more than one Short-Term Investment.

8. Any repurchase agreements entered into through the Joint Account will comply with the terms of Investment Company Act Release No. 13005 (February 2, 1983). Applicants acknowledge that they have a continuing obligation to monitor the SEC's published statements on repurchase agreements, and represent that repurchase agreement transactions will comply with future positions of the SEC to the extent that such positions set forth different or additional requirements regarding repurchase agreements. In the event that the SEC sets forth guidelines with respect to other Short-Term Investments, all such investments made through the Joint Account will comply with those guidelines.

#### Applicants' Legal Analysis

1. Section 17(d) of the Act and rule 17d-1 thereunder prohibit an affiliated person of a registered investment company, or an affiliated person of such a person, from participating in any joint enterprise or arrangement in which such investment company is a participant, without an SEC order. The applicants believe that granting the requested order is consistent with the provisions, policies, and purposes of the Act and the Funds would participate in the Joint Account on a basis no different from or less advantageous than that of any other Participant.

2. The Participants, by participating in the proposed Joint Accounts, and Norwest, by managing the proposed Joint Accounts, could be deemed to be

"joint participants" in a transaction within the meaning of section 17(d) of the Act. In addition, the proposed Joint Accounts could be deemed to be a "joint enterprise or other joint arrangement" within the meaning of rule 17d-1.

3. Applicants state that the Participants may earn a higher rate of return on investments through the Joint Accounts relative to the returns they could earn individually. Under most market conditions, it is generally possible to negotiate a rate of return on larger Short-Term Investments that is higher than the rate available on smaller Short-Term Investments. The Joint Accounts also may increase the number of dealers and issuers willing to enter into Short-Term Investments with the Participants and may reduce the possibility that their cash balances remain uninvested.

4. Applicants believe that no Participant would be in a less favorable position as a result of the Joint Accounts. Each Participant's investment in a Joint Account would not be subject to the claims of creditors, whether brought in bankruptcy, insolvency, or other legal proceeding, of any other Participant. Each Participant's liability on any Short-Term Investment would be limited to its interest in such investment; no Participant would be jointly liable for the investments of any other Participant.

Applicants state that the Joint Accounts may result in certain administrative efficiencies and a reduction of the potential for errors by reducing the number of trade tickets and cash wires that must be processed by the counterparties to the transactions, the Custodian and Norwest's trading department.

6. Applicants believe that the proposed operation of the Joint Account would not result in any conflicts of interest between any of the Participants and Norwest. When making investments, Norwest would take into account each Participant's investment objective, policies and restrictions, its obligation to fairly allocate investment opportunities among participants, the need for diversification and the time that cash becomes available.

7. The Boards will have determined, prior to participation by any Fund, that the procedures for operating the Joint Accounts are reasonably designed to ensure (i) that the Joint Accounts are not inherently biased in favor of one Participant over another and should eliminate any bias due to size or lack thereof in any transaction; and (ii) that the anticipated benefits to each Participant would be within an acceptable range of fairness.

8. For the reasons set forth above, applicants believe that granting the requested order is consistent with the provisions, policies and purpose of the Act and intention of rule 17d-1.

#### Applicants' Conditions

Applicants would comply with the following as conditions to any order granted by the SEC:

1. The Joint Accounts would not be distinguishable from any other accounts maintained by Participants at the Custodian except that monies from Participants would be deposited in a Joint Account on a commingled basis. The Joint Accounts would not have a separate existence and would not have indicia of a separate legal entity. The sole function of the Joint Accounts would be to provide a convenient way of aggregating individual transactions which would otherwise require daily management by Norwest of uninvested cash balances.

2. Cash in the Joint Accounts would be invested in one or more of the following, as directed by Norwest: (a) Repurchase agreements "collateralized fully" as defined in rule 2a-7 under the Act; (b) interest-bearing or discounted commercial paper, including dollar denominated commercial paper of foreign issuers; and (c) any other short-term money market instruments, including variable rate demand notes and other tax-exempt money market instruments, that constitute "Eligible Securities" (as defined in rule 2a-7 under the Act) (collectively, "Short-Term Investments"). Short-Term Investments that are repurchase agreements would have a remaining maturity of 60 days or less and other Short-Term Investments would have a remaining maturity of 90 days or less, each as calculated in accordance with rule 2a-7 under the Act.

3. All assets held in the Joint Accounts would be valued on an amortized cost basis to the extent permitted by applicable SEC releases, rules or orders.

4. Each Participant that is a registered investment company valuing its net assets in reliance on rule 2a-7 under the Act would use the average maturity of the instruments in the Joint Account in which such Participant has an interest (determined on a dollar weighted basis) for the purpose of computing its average portfolio maturity with respect to its portion of the assets held in a Joint Account on that day.

5. In order to assure that there will be no opportunity for any Participant to use any part of a balance of a Joint Account credited to another Participant, no Participant will be allowed to create

a negative balance in any Joint Account for any reason, although each Participant will be permitted to draw down its entire balance at any time. Each Participant's decision to invest in a Joint Account would be solely at its option, and no Participant would be obligated to invest in the Joint Account or to maintain any minimum balance in the Joint Account. In addition, each Participant would retain the sole rights of ownership to any of its assets invested in the Joint Account, including interest payable on such assets invested in the Joint Account.

6. Norwest would administer the investment of cash balances in and operation of the Joint Accounts as part of its general duties under its advisory agreements with Participants and would not collect any additional or separate fees for advising any Joint Account.

7. The administration of the Joint Account would be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g-1 thereunder.

8. The Board of Trustees of each Trust (each a "Board") would adopt procedures pursuant to which the Joint Accounts would operate, which will be reasonably designed to provide that the requirements of this application will be met. Each Board will make and approve such changes as they deem necessary to ensure that such procedures are followed. In addition, the Board of each Fund would determine, no less frequently than annually, that the Joint Accounts have been operated in accordance with the proposed procedures and would permit a Fund to continue to participate therein only if it determines that there is a reasonable likelihood that the Fund and its shareholders would benefit from the Fund's participation.

9. Any Short-Term Investments made through the Joint Accounts would satisfy the investment criteria of all Participants in that investment.

10. Each Participant and the Custodian would maintain records (in conformity with Section 31 of the Act and the rules thereunder) documenting for any given day, the Participant's aggregate investment in a Joint Account and the Participant's pro rata share of each Short-Term Investment made through such Joint Account. Each Participant that is not a registered investment company or registered investment adviser would make available to the Commission, upon request, such books and records with respect to its participation in a Joint Account.

11. Short-Term Investments held in a Joint Account generally would not be sold prior to maturity except if: (a)

Norwest believes the investment no longer presents minimal credit risks; (b) the investment no longer satisfies the investment criteria of all Participants in the investment because of a downgrading or otherwise; or (c) in the case of a repurchase agreement, the counterparty defaults. Norwest may, however, sell any Short-Term Investment (or any fractional portion thereof) on behalf of some or all Participants prior to the maturity of the investment if the cost of such transactions will be borne solely by the selling Participants and the transaction would not adversely affect other Participants. In no case would a sale prior to maturity of a Short-Term Investment on behalf of less than all Participants be permitted if it would reduce the principal amount or yield to be received by other Participants in the Short-Term Investment or otherwise adversely affect the other Participants. Each Participant of a Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

12. Short-Term Investments held through a Joint Account with a remaining maturity of more than seven days, as calculated pursuant to rule 2a-7 under the Act, will be considered illiquid and, for any Participant that is an open-end investment company registered under the Act, will be subject to the restriction that the Fund may not invest more than 10%, in the case of a money market fund, and 15%, in the case of a non-money market fund, (or such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities, if Norwest cannot sell the instrument, or the Fund's fractional interest in such instrument, pursuant to the preceding condition.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-14712 Filed 6-10-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37274; File No. SR-PSE-96-08]

**Self-Regulatory Organizations; the Pacific Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Amendments to Exchange Constitution Article III, Section 2(c)**

June 4, 1996.

**I. Introduction**

On March 28, 1996, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange")

submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange Constitution Article II, Section 2(c).

The proposed rule change was published for comment in Securities Exchange Act Release No. 37083 (April 8, 1996), 61 FR 16515 (April 15, 1996). No comments were received on the proposal.

**II. Background**

Prior to 1973, the Exchange had no rule in place regarding conflicts of interest on the Board of Governors. In 1973, a simplified version of the current rule was added to the PSE Constitution, which read as follows:

No two or more Governors for a common or overlapping term may be associated either as partners, stockholders or otherwise in the same member firm or in a partnership or corporation which is affiliated with the same member firm.

In 1983, the rule expanded the definition of associates to include officers and directors,<sup>3</sup> and attempted to define more clearly an "indirect association" between Governors, by using two specific tests that are set forth in the current rule.<sup>4</sup> The experience of PSE management and the PSE Board of Governors, however, in interpreting and applying the current rule has been that the language is too cumbersome and specific to achieve the intended purpose of eliminating conflicts. The existing rule limits the Exchange's authority to force a governor off the Board only in limited circumstances.

A task force was created to review the current rule and to examine alternatives that might work better to avoid conflicts on both the Board of Governors and the Exchange committees. The task force consisted of nine members as follows: four Governors (including a public governor, a specialist, an options floor broker and an allied member), two options clearing firm officials, the chairman of the Options Floor Trading Committee, the chairman of the Equity Floor Trading Committee, and the chairman of the Ethics and Business Conduct Committee. The task force concluded that the current language was unnecessarily specific, and therefore was too restrictive on the Board's power

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 19406 (Feb. 17, 1983), 48 FR 8385 (Feb. 28, 1983) (order approving File No. SR-PSE-82-16).

<sup>4</sup> See PSE Const., Art. III, Sec. 2(c).