Advice Handbook for easy reference on the trading floor.

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, as well as to protect investors and the public interest, in creating a FLEX options trading procedure in proposed Rule 1079 to enable the trading of flexible index and equity options. The Exchange believes that the proposed trading procedure, crafted in consideration of the complexity of variable terms and the larger sizes reflective of institutional users, should ensure that just and equitable principles of trade govern FLEX options trading. The Exchange also believes that the financial requirements and assigned ROT and assigned Specialist obligations should promote liquidity, as well as the protection of investors trading FLEX options. Furthermore, the customization of option features and terms should enable investors to better manage trading and investment risk as well as more closely tailor Exchange-traded options to their specific investment strategies and objectives. Thus, FLEX Options unite certain attributes of negotiated transactions with the many benefits of an exchange auction marketplace, including transparency and OCC as guarantor. Because the proposed procedure is designed to minimize market impact and contains important customer protection provisions, it should prevent fraudulent and manipulative acts and practices. The Exchange also believes that the proposal is consistent with Section 11A, because FLEX options enable the Exchange to compete fairly with other exchanges as well as the OTC market.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Phlx does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days or such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Phlx consents, the Commission will:

(A) By order approve such proposed rule change, or,

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR–Phlx–96–38 and should be submitted by October 15, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[23]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–24367 Filed 9–23–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Advisers Act Release No. 1579; 803–102]

Technology Funding Partners III, L.P., et al.; Notice of Application

September 17, 1996.

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

ACTION: Notice of application for an order under the Investment Advisers Act of 1940 (the ''Advisers Act'').

APPLICANTS: Technology Fund Partners III, L.P. (''P3''); Technology Funding Venture Partners IV, An Aggressive Growth Fund, L.P. (''VP4''); Technology Funding Venture Partners V, An Aggressive Growth Fund L.P. (''VP5''); Technology Funding Medical Partners I, L.P. (''MP1''); Technology Funding Inc. (''TFI''); and Technology Funding Ltd. (''TFL'').

RELEVANT ADVISERS ACT SECTIONS: Order requested under section 206A of the Advisers Act for an exemption from section 205(a)(1) of the Advisers Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit certain business development companies (''BDCs'') to make in-kind distributions of portfolio securities and deem gains or losses on such securities to be realized upon such distributions to partners of such BDCs. The order would apply only to in-kind distributions of portfolio securities for which market quotations are available and are traded publicly on any nationally recognized exchange or market (''Exchange Traded Securities'').

FILING DATE: The application was filed on July 15, 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 October 15, 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, 2000 Alameda de las Pulgas, San Mateo, California 94403.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942–0562, 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 from the SEC's Public Reference Branch.

Applicants' Representations

1. P3, VP4, VP5, and MP1 are Delaware limited partnerships registered as BDCs under the Investment Company Act of 1940 (the ''Act''). Each

[23] 17 CFR 200.30–3(a)(12).

BDC's investment objective is to seek long-term capital appreciation by making venture capital investments. Each of the BDCs has five general partners consisting of three individuals (the ''Individual General Partners''), TFL and TFI (the ''Managing General Partners'' and together with the Individual General Partners, the ''Partners''). No Individual General Partner of one BDC serves as an Individual General Partner of any other BDC. Each of the BDCs has received an exemptive order determining that each Individual General Partner is not an ''Interested person'' of the relevant BDC within the meaning of section 2(a)(19) of the Act.[1]

2. TFL is a California limited partnership that is registered as an investment adviser under the Advisers Act. TFI is a California corporation that also is registered as an investment adviser under the advisers Act. TFI is a wholly-owned subsidiary of TFL.

3. With the exception of P3 and VP4, which are managed by all their General Partners, the BDCs are managed by their respective Individual General partner, who has complete and exclusive authority to manage and control them. The Managing General Partners are charged with certain responsibilities pursuant to the BDCs' respective partnership agreements (the ''Partnership Agreements''). The Managing General partners have the authority to determine and manage the BDCs' respective venture capital investments and performance of the day-to-day operations, including the investment and realization of investments and the making of distributions by the Funds, subject to the supervision of the Individual General Partners. The Individual General Partners perform general fiduciary duties including conducting: management arrangements of the BDCs; custody arrangements for portfolio securities; and transactions with affiliated persons.

4. Allocation of profits of the BDCs to their Partners are made in accordance with the terms of the Partnership Agreements that provide that net profit will be allocated: (a) first, to those Partners with deficit capital account balances until such deficits have been eliminated; (b) second, to Partners that had been allocated net losses and sales commissions in the amounts that such net losses and sales commissions had been previously allocated to them; and (c) then, 20% to the Managing General Partners, 75% to the limited partners generally in proportion to the number of units they hold, and 5% to the limited partners in proportion to the number of units held by each limited partner multiplied by the number of half-months the limited partner held such units from his admission to the partnership until the closing date (''Unit Months'') bears to the total number of units multiplied by the total number of Unit Months.

5. Net losses of each BDC generally will be allocated in the proportion that net profit is allocated under paragraph 4(c) above and then 99% to the limited partners and 1% to the general partners. Each Partnership Agreement provides for a special allocation to the Managing General Partners of net loss otherwise allocable to a limited partner that exceeds the positive balance in the capital account of such limited partner and a subsequent allocation of net profit in the same amount.

6. Cash and securities ''available for distribution'' means all partnership cash from whatever sources derived (less such reserves as the Individual General Partners or management committee shall deem reasonable for the partnership's business), plus any securities held by the BDC that the Individual General Partners deem available for distribution. In general, cash and securities available for distribution are distributed 99% to the limited partners and 1% to the general partners, until such time as the amount of cash and the value of all securities distributed to all limited partners and thereafter are distributed in proportion to Partners' capital accounts.

7. Under each Partnership Agreement, securities distributed in-kind to Partners during the life of any BDC are treated as if sold at their appraised value. Securities the value of which cannot be appraised on the basis of either available market quotations or third party transactions involving actual transactions or actual firm offers by investors who are not affiliates of the relevant BDC, are requested to be valued by an appraisal carried out by two independent appraisers. In the event the two independent appraisers are unable to agree upon a valuation, they are required jointly to appoint a third independent appraiser whose decision will be final and binding.

8. Notwithstanding the above, no in-kind distributions have previously been made by any of the BDCs. This is because in the Prior Orders, applicants agreed to obtain an exemption pursuant to section 260A of the Advisers Act permitting the BDC's to deem gains or losses to be realized upon in-kind distributions of securities before such distributions are made, or obtain a favorable response to a no-action request indicating that an exemption was not necessary.

Applicants' Legal Analysis

1. Applicants request an order under sections 206A of the Advisers Act exempting applicants from Section 205(a)(1) of the Advisers Act. The requested order would permit the BDCs to make in-kind distributions of portfolio securities and deem gains or losses on such securities to be realized upon such distributions to the Partners. The order would apply only to in-kind distributions of portfolio securities for which market quotations are available and are Exchange Traded Securities.

2. Section 205(a)(1) of the Advisers Act prohibits any investment adviser registered under the Advisers Act from entering into a contract which provides for compensation based upon ''a share of capital gains or capital appreciation of the funds or any portions of the funds of the client,'' commonly referred to as a ''performance fee.''

3. Section 205(b)(3) provides, in pertinent part, that the performance fee prohibitions of section 205(a)(1) are not applicable to advisory contracts between an investment adviser and a BDC if, among other things, the compensation provided for in such contract does not exceed 20% of the realized capital gains upon the funds of the BDC over a specified period or as of definite dates, computed net of all realized capital losses and unrealized capital depreciation.

4. Applicants believe that the proposed in-kind redemptions conform with section 205(b)(3). Section 205(b)(3), however, does not comtemplate, on its face, the procedures set forth in the Partnership Agreements whereby unrealized gains or losses are deemed realized under certain conditions for purposes of the compensation formula. Specifically, the Partnership Agreements provide that unrealized gains or losses will be deemed to be realized with respect to distributions in-kind both during the life of the BDCs and upon their termination.

[1] *Technology Fund Partners III, L.P.*, Investment Company Act Release Nos. 15724 (notice) (May 8, 1987) and 15764 (June 2, 1987); *Technology Funding Venture Partners IV, An Aggressive Growth Fund, L.P.*, Investment Company Act Release Nos. 16596 (notice) (Oct. 14, 1988) and 16626 (order) (Nov. 8, 1988); *Technology Funding Venture Partners V, An Aggressive Growth Fund L.P.*, Investment Company Act Release Nos. 17370 (notice) (Mar. 12, 1990) and 17422 (order) (Apr. 11, 1990); and *Technology Funding Medical Partners I, L.P.*, Investment Company Act Release Nos. 19183 (notice) (Dec. 28, 1992) and 19229 (order) (Jan. 25, 1993) (collectively, the ''Prior Orders'').

5. Section 206A of the Advisers Act provides that the SEC may exempt any person or transaction from any provision of the Advisers Act if and to the extent that such exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act.

6. Applicants argue that to the extent section 205(b)(3) requires a performance fee to be based on realized capital gains, the proposal is consistent with the statutory purpose. Once the in-kind distribution is made, the Managing General Partner will no longer have any control over the investment in the subject securities. The Partners will have the exclusive ability to liquidate such investments. In addition, applicants assert that there will be no concern over the proper valuation of the securities upon which the fee is based because applicants request relief only to cover in-kind distributions of Exchange Traded Securities.

7. Applicants submit that the requested relief satisfies the section 206A standards. First, the distributed securities would be freely transferable, which would enable the Partners to determine whether to hold or sell the distributed securities. In such circumstances, Partners will not forfeit any particular management expertise, since TFL and TFI have not held themselves out as possessing particular experience in managing a portfolio of Exchange Traded Securities. Second, the distributions of portfolio securities will not constitute a taxable event, so the Partners will, in determining whether to hold or sell the securities, control the timing of realization of capital gains. Third, in-kind distributions on termination are an efficient way of winding up the BDC's affairs and avoiding premature dispositions of portfolio investments.

Applicants' Conditions

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

1. The relief will only apply to the distribution in-kind by the BDCs of Exchange Traded Securities.

2. All portfolio securities distributed in-kind pursuant to the proposed relief will be valued at the average of the closing bid and asked prices at which the relevant securities were quoted on the relevant exchange or system during the five trading days immediately preceding the distribution.

3. The BDCs agree to use all reasonable endeavors to ensure that portfolio securities that are the subject of an in-kind distribution are transferred to limited partners as soon as practicable following their valuation and in any event within 30 days thereof.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–24369 Filed 9–23–96; 8:45 am]

BILLING CODE 8010–01–M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2898]

Florida; Declaration of Disaster Loan Area

Broward County and the contiguous counties of Collier, Dade, Hendry, and Palm Beach in the State of Florida constitute a disaster area as a result of damages caused by a fire at the Plantation Towne Mall in the City of Plantation which occurred on September 5, 1996. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on November 11, 1996 and for economic injury until the close of business on June 16, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308 or other locally announced locations.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners With Credit Available Elsewhere	8.000
Homeowners Without Credit Available Elsewhere	4.000
Businesses With Credit Available Elsewhere	8.000
Businesses and Non-Profit Organizations Without Credit Available Elsewhere	4.000
Others (Including Non-Profit Organizations) With Credit Available Elsewhere	7.125
For Economic Injury:	
Businesses and Small Agricultural Cooperatives Without Credit Available Elsewhere	4.000

The number assigned to this disaster for physical damage is 289805 and for economic injury the number is 918700.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: September 16, 1996.

John T. Spotila,

Acting Administrator.

[FR Doc. 96–24419 Filed 9–23–96; 8:45 am]

BILLING CODE 8025–01–P

[Declaration of Disaster Loan Area #2894]

North Carolina; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on September 6, 1996, and amendments thereto on September 8 and 10, I find that Alamance, Beaufort, Bertie, Bladen, Brunswick, Carteret, Chatham, Columbus, Craven, Cumberland, Duplin, Durham, Edgecombe, Franklin, Granville, Greene, Guilford, Halifax, Harnett, Henderson, Hoke, Johnston, Jones, Lee, Lenoir, Moore, Nash, New Hanover, Onslow, Orange, Pamlico, Pender, Person, Polk, Richmond, Robeson, Rutherford, Sampson, Vance, Wake, Warren, Wayne, and Wilson Counties in the State of North Carolina constitute a disaster area due to damages caused by Hurricane Fran beginning on September 5, 1996 and continuing. Applications for loans for physical damages may be filed until the close of business on November 4, 1996, and for loans for economic injury until the close of business on June 6, 1997 at the address listed below: U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308, or other locally announced locations. In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Anson, Buncombe, Burke, Caswell, Cleveland, Davidson, Forsyth, Haywood, Hertford, Hyde, Martin, McDowell, Montgomery, Northampton, Pitt, Randolph, Rockingham, Scotland, Stokes, Transylvania, and Washington Counties in North Carolina, and Cherokee, Chesterfield, Dillon, Greenville, Horry, Marlboro, and Spartanburg Counties in South Carolina.

Interest rates are:

	Percent
For physical damage:	
Homeowners with credit available elsewhere	8.000
Homeowners without credit available elsewhere	4.000
Businesses with credit available elsewhere	8.000
Businesses and non-profit organizations without credit available elsewhere	4.000
Others (including non-profit organizations) with credit available elsewhere	7.125
For economic injury:	
Businesses and small agricultural cooperatives without credit available elsewhere	4.000