10. Litman/Gregory will provide general management and administrative services to the Portfolio and, subject to board review and approval, will (a) set the Portfolio's overall investment strategies, (b) recommend Investment Managers, (c) allocate and, when appropriate, reallocate the Portfolio's assets among Investment Managers, (d) monitor and evaluate Investment Manager performance, and (e) oversee Investment Manager compliance with the Portfolio's investment objective, policies, and restrictions.

11. No director, trustee, or officer of the Funds or Litman/Gregory will own directly or indirectly (other than through a pooled investment vehicle over which such person does not have control) any interest in an Investment Manager except for (a) ownership of interests in Litman/Gregory or any entity that controls, is controlled by or is under common control with Litman/Gregory; 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 an Investment Manager or an entity that controls, is controlled by or is under common control with an Investment Manager.

12. Each Portfolio will disclose in its registration statement the respective Aggregate Fee.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13695 Filed 5–23–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22666; 812–10422]

Safeguard Scientifics, Inc.; Notice of Application

May 19, 1997.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: Safeguard Scientifics, Inc.

RELEVANT ACT SECTION: Declaration of the Commission sought under section 2(a)(9).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it controls Cambridge Technology Partners, Inc. (''Cambridge'') and USDATA Corporation (''USDATA''), notwithstanding that applicant owns less than 25% of the voting securities of each company.

FILING DATES: The application was filed on November 12, 1996 and amended on May 16, 1997.

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 June 13, 1997, 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.

ADDRESSED: Secretary, SEC, 450 5th Street N.W., Washington, D.C. 20549. Applicant, 800 Safeguard Building, 435 Devon Park Drive, Wayne, Pennsylvania 19087.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Senior Counsel, at (202) 942–0572, or Mary Kay French, 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.

Applicant's Representations

1. Applicant, a Pennsylvania corporation, is engaged primarily in the business of identifying, acquiring interests in, and developing ''partnership companies,'' most of which are engaged in information technology businesses. Applicant is not required to register as an investment company under the Act by virtue of rule 3a–1 under the Act.[1] Applicant's strategy is to invest in companies which are capable of being market leaders in segments of the information technology industry and which can benefit from applicant's business development, management support, financing, and market knowledge. Applicant generally invests in companies in which it can purchase a large enough stake to enable it to have substantial influence over the management and polices of the company.

2. Applicant is the largest single shareholder of Cambridge and USDATA, owning 17% of the voting stock of Cambridge and 20% of the voting stock of USDATA. Cambridge provides technical expertise to organizations with large scale information processing needs. USDATA is an international supplier of real-time software applications development tools and related integration services. Five of the nine members of the Cambridge board and five of the eight members of the USDATA board are associated with applicant.

Applicant's Legal Analysis

1. Applicant requests an order under section 2(a)(9) declaring that it controls Cambridge and USDATA even though Safeguard owns less than 25% of the voting securities of Cambridge and USDATA.

2. Section 2(a)(9) defines ''control'' as the power to exercise a controlling influence over the management or policies of a company. That section creates a presumption that owners of 25% or less of a company's voting securities do not control such company. The presumption may be rebutted by evidence of control.

3. Applicant argues that its controlling influence over Cambridge and USDATA is demonstrated by the following:

a. Applicant is the largest single shareholder of Cambridge and USDATA. Applicant states that the only other significant shareholders of Cambridge are two registered mutual funds, each of which own approximately 10% of Cambridge. Two venture funds affiliated with applicant own 15% each of USDATA. Applicant submits that it has significant links with both venture funds and that the funds have never acted together in opposition to applicant's control of USDATA and it is unlikely that they would do so in the future. Further, applicant states that the only other significant shareholder of USDATA is its founder and former CEO, who currently owns 13% of the company's stock.

b. Applicant asserts that it has been involved in managing Cambridge and USDATA for years and has developed

[1] Rule 3a–1 provides that an issuer meeting the statutory definition of an investment company is not an investment company if: (a) not more than 45% of the value of its total assets (exclusive of government securities and cash items) consists of securities other than government securities, securities issued by employee securities companies, securities of certain majority-owned subsidiaries, and securities issued by companies under the primary control of the issuer that are not investment companies; and (b) no more than 45% of its income after taxes (over the last four fiscal quarters combined) is relieved from such securities. Applicant does not seek, and any order would not grant, any relief with respect to applicant's reliance on rule 3a–1.

and restructured both companies. For instance, applicant helped USDATA go public in 1995 and also helped Cambridge to complete a secondary public offering. Moreover, applicant submits that it is committed to holding significant equity stakes in both companies and to participating in their strategic management over the long-term, so long as they fit within applicant's overall strategy.

c. Applicant states that it has developed numerous processes for managing its own business which it shares with its partnership companies, including Cambridge and USDATA. In addition, applicant states that it encourages Cambridge and USDATA to collaborate and to do business with each other and with other of applicant's partnership companies. Cambridge and USDATA, along with other partnership companies, assist each other and applicant in identifying or reviewing potential candidates for acquisitions or investment, and recruiting new managers and directors.

d. Applicant has chosen to style its relationship with each company as a ''partnership'' to reflect the realities of the entrepreneurial and rapidly changing information services industry. Applicant believes that traditional corporate structures would inhibit the flexibility and creativity necessary for growth and that giving entrepreneurs the power to create their own wealth by increasing the value of their equity in their company (without being affected by the results of other divisions or subsidiaries of the ''parent'' company) maximizes the entrepreneurs' incentive to fuel innovation and growth. Applicant states, however, that despite its emphasis on ''partnership'' it is willing and able to intervene directly and effectively in the management of Cambridge and USDATA when either company fails to meet its expectations. For example, in March 1997, applicant replaced the outgoing CEO of USDATA with one of its officers as acting CEO and will be instrumental in the recruitment and selection of the permanent CEO. Applicant argues that this management change evidences its ability to assert its power to control the direction and operation of USDATA.

e. Applicant's executives and staff provide assistance to both companies in identifying and introducing potential new clients. Applicant states that it assists USDATA in structuring and negotiating business alliances, financial planning and reporting, and tax planning. In addition, applicant states that it has helped Cambridge find and secure clients, arranged for a new headquarters building, and helped Cambridge recruit a new CEO, chief administrative officer, chief technology officer, and six directors. Applicant submits that it supports the managers at both Cambridge and USDATA with ongoing programs and practical business and administrative guidance intended to promote the development of each company. Further, applicant asserts that managers of the companies have the freedom to use applicant's resources in the manner and to the extent that suits their own style.

f. In addition, applicant states that it maintains control over Cambridge and USDATA through a series of cross-directorships involving individuals who are associated with applicant through their service as current and former directors and officers of applicant or its other partnership companies. Applicant states that these board members help each company define its general business strategy and actively participate in adopting operating plans and budgets. These board members also participate in key corporate decisions.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–13693 Filed 5–23–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38654; File No. SR–CBOE–97–20]

Self-Regulatory Organizations; The Chicago Board Options Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Fees Charged for Participation in the NYSE Options Program

May 19, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on April 25, 1997, the Chicago Board Options Exchange (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items, I, II, and III below, which items have been prepared by CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[1] 15 U.S.C. 78s(b)(1) (1988).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The purpose of the proposed rule change is to impose booth and telecommunications fees for participation in the New York Stock Exchange (''NYSE'') Options Program. CBOE proposes to impose these fees from the start of trading of those options on CBOE's alternate trading floor (''Green Badge Floor'') on April 28, 1997.[2]

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CBOE has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to impose Exchange fees for booth and telecommunications costs which are different than the fees set forth in CBOE's standards fee schedule. The fees for the NYSE Options Program will be imposed from the start of trading of these options on the CBOE on April 28, 1997.

The proposed fees are: (1) For non-Options Clearing Corporation member firms, the Green Badge space flat fee of $500 per month per booth with no variable fee; (2) for Options Clearing Corporation member firms, a flat fee of or $150 per month per booth with no variable fee;[3] for initial installation only, a fee of $250 per Exchange phone;

[2] On April 23, 1997, the Commission approved proposed rule changes regarding the transfer of the NYSE Options business to CBOE. *See* Securities Exchange Act Release No. 38541 (April 23, 1997), 62 FR 23516 (order approving File No. SR–CBOE–97–14); and 38542 (April 23, 1997), 62 FR 23521 (order approving File No. SR–NYSE–97–05).

[3] Although CBOE's proposed rule change indicates that the $150 flat fee applies to CBOE member firms, CBOE has clarified that the fee applies to Options Clearing Corporation members participating in the NYSE Options Program. Telephone conversation between Timothy Thompson, Senior Attorney, CBOE and Margaret R. Blake, Division of Market Regulation, Commission (May 13, 1997).