It is estimated that approximately 3,222 advisers are currently subject to this rule, but that after the 1996 Act becomes effective only 902 advisers will be subject to the rule. The rule requires approximately 7.5 burden hours per year per adviser and, after July 8, 1997, would amount to approximately 6,765 total burden hours (7.5 × 902) for all advisers.

Rule 206(4)–3 does not specify a retention period for its recordkeeping requirements. The disclosure and recordkeeping requirements of rule 206(4)–3 and the disclosure requirements of rule 206(4)–4 are mandatory. Information subject to the recordkeeping and disclosure requirements of rules 206(4)–3 and –4 is not submitted to the Commission, so confidentiality is not an issue.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Written comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W., Washington, DC 20549.

Dated: May 20, 1997.

Margaret H. McMarland,

Deputy Secretary.

[FR Doc. 97–14352 Filed 6–2–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22683; 812–10442]

Warburg, Pincus Balanced Fund, Inc., et al.; Notice of Application

May 27, 1997.

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

ACTION: Notice of application for Exemption Under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Warburg, Pincus Balanced Fund, Inc., Warburg, Pincus Capital Appreciation Fund, Warburg, Pincus Cash Reserve Fund, Inc., Warburg, Pincus Emerging Growth Fund, Inc., Warburg, Pincus Emerging Markets Fund, Inc., Warburg, Pincus Fixed Income Fund, Warburg, Pincus Global Fixed Income Fund, Inc., Warburg, Pincus Global Post-Venture Capital Fund, Inc., Warburg, Pincus Growth & Income Fund, Inc., Warburg, Pincus Health Sciences Fund, Inc., Warburg, Pincus Institutional Fund, Inc., Warburg, Pincus Intermediate Maturity Government Fund, Inc., Warburg, Pincus International Equity Fund, Inc., Warburg, Pincus Japan Growth Fund, Inc., Warburg, Pincus Japan OTC Fund, Inc., Warburg, Pincus New York Intermediate Municipal Fund, Warburg, Pincus New York Tax Exempt Fund, Inc., Warburg, Pincus Post-Venture Capital Fund, Inc., Warburg, Pincus Small Company Growth Fund, Inc., Warburg, Pincus Small Company Value Fund, Inc., Warburg, Pincus Strategic Value Fund, Inc., Warburg, Pincus Tax Free Fund, Inc., Warburg, Pincus Trust, Warburg, Pincus Trust II (collectively, the ''Warburg Pincus Funds''), Warburg, Pincus Counsellors, Inc. (''Warburg''), and any other registered investment companies that now or in the future are advised by Warburg (together with the Warburg Pincus Funds, the ''Funds'' and individually a ''Fund'').

RELEVANT ACT SECTION: Order requested under section 17(d) and rule 17d–1 thereunder.

SUMMARY OF APPLICATION: Applicants request an order to permit certain investment companies to deposit their uninvested cash balances in one or more joint accounts to be used to enter into repurchase agreements.

FILING DATES: The application was filed on November 21, 1996 and amended on April 30, 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 20, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, Warburg, Pincus Counsellors, Inc., 466 Lexington Avenue, New York, NY 10017–3147.

FOR FURTHER INFORMATION CONTACT: Suzanne Krudys, Senior Counsel, at (202) 942–0641, or Mercer E. Bullard, 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 Warburg Pincus Funds, organized as either Maryland corporations or Massachusetts business trusts, are registered under the Act as open-end, single class or multi-class management investment companies, some of which consist of the serious type. The Funds currently consist of 28 investment companies or portfolios. All Funds that currently intend to rely upon the requested order are named as applicants.[1]

2. Warburg, organized in 1970 as a Delaware corporation, is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940. Warburg is a wholly-owned subsidiary of Warburg, Pincus Counsellors G.P. Warburg supervises and directs the purchase and sale of investment securities (or some portion thereof) for each of the Funds, subject to the direction of the Fund's board of directors or trustees and, in certain cases, subject to the supervision of another investment adviser or manager. The term ''Warburg'' includes, in addition to the corporation itself, any other entity controlling, controlled by or under common control with Warburg

[1] Any future series of a Fund or any registered investment company now or in the future advised by Warburg that intends to rely upon the requested order in the future would, at that time, comply with the terms and conditions contained in the application.

that acts in the future as an investment adviser for the Funds or other investment companies.

3. Each of the Funds has its own separate investment objective or objectives, policies and restrictions and segregated assets as described in each Fund's currently effective registration statement. All of the Funds currently are authorized to invest at least a portion of their uninvested cash balances in short-term repurchase agreements.

4. The assets of the Funds are held by bank custodians. At the end of each trading day, applicants expect that some or all of the Funds will have uninvested cash balances in their respective custodian banks that would not otherwise be invested in portfolio securities. The amount of such cash balances on any given day is a function of, among other things, the temporary unavailability or other delays in planned purchases of securities, shareholder purchases and redemptions, and/or unanticipated delays in settlement of trades. In order to provide liquidity and to earn additional income for the Funds, Warburg may invest such cash balances in repurchase agreements provided that (a) a Fund will not invest in a repurchase agreement having a maturity in excess of 7 days if such investment would cause the Fund to exceed its limitation regarding investments in illiquid securities and (b) the repurchase agreements are ''collateralized fully'' as defined in rule 2a–7 under the Act (''Short-Term Repurchase Agreements''), as authorized by the investment policies of the Funds. Currently, Warburg purchases repurchase agreements separately on behalf of each Fund.

5. Applicants propose to deposit some or all of the uninvested cash balances of the Funds remaining at the end of the trading day into one or more joint accounts (the ''Joint Accounts'') and to invest the daily balance of the Joint Accounts into Short-Term Repurchase Agreements. The Funds would invest through a Joint Account only in Short-Term Repurchase Agreements that are consistent with the investment objective or objectives, policies and restrictions of each participating Fund. The existence of the Joint Accounts will not influence the extent to which Funds will invest in Short-Term Repurchase Agreements. A Fund's decision to use the Joint Accounts would be based on the same factors as a Fund's decision to make any other short-term liquid investment. Those factors would primarily be whether such Short-Term Repurchase Agreements offer a competitive investment on the basis of yield, creditworthiness and liquidity. The Joint Accounts would only be used to aggregate what otherwise would be one or more daily individual transactions necessary for the management of each Fund's daily uninvested cash balance.

6. Warburg would not participate as an investor in the Joint Accounts. Warburg also would not collect any additional fee for its management of the Joint Accounts, but would continue to receive from the Fund's primary adviser, as relevant, its asset-based advisory fees. Warburg would be responsible for investing funds held by the Joint Accounts, establishing accounting and control procedures, and ensuring fair and equitable treatment of the Funds.

7. Warburg 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. Any joint repurchase agreement transactions entered into through the proposed Joint Accounts would comply with the standards and guidelines set forth in Investment Company Act Release No. 13005 (February 2, 1983), and any other existing and future positions taken by the Commission or its staff by rule, release, letter or otherwise relating to repurchase agreement transactions. 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.

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, unless the SEC has issued an order authorizing the arrangement.

2. Applicants believe that each Fund might be deemed to be an ''affiliated person'' of each other Fund under the definition set forth in section 2(a)(3) of the Act if Warburg, as investment adviser, were deemed to control each Fund. Applicants also believe that, because each Warburg Pincus Fund has the same governing board as each other Warburg Pincus Fund, the Warburg Pincus Funds could be deemed to be affiliated persons of each other by virtue of being under common control, within the meaning of subsection (C) of section 2(a)(3). Each Fund, by participating in the Joint Accounts, and Warburg, by managing the Joint Accounts, could be deemed to be a ''joint participant'' in a ''transaction'' within the meaning of section 17(d) of the Act.

3. Applicants believe that the Joint Accounts could result in certain benefits to the Fund. Applicants state that the Funds would save on yearly transaction fees because purchasing Short-Term Repurchase Agreements through the Joint Accounts would require fewer transactions than the Fund would otherwise engage in individually. Applicants believe that the Funds may also earn a higher rate of return on investments through the Joint Accounts relative to the rates they could earn individually because under most market conditions, it is possible to negotiate a rate of return on larger repurchase agreements that is higher than the rate of return on smaller repurchase agreements. Applicants contend that the Joint Accounts may reduce the potential for error by reducing the number of trade tickets and cash wires that must be processed by the sellers of Short-Term Repurchase Agreements and by the Funds' custodians and accountants. Applicant also submit that the Joint Accounts also may increase the number of dealers willing to enter into Short-Term Repurchase Agreements with smaller funds and may reduce the possibility that their cash balances remain uninvested.

4. Applicants believe that no Fund will be in a less favorable position as a result of the Joint Accounts. Applicants assert that a Fund's investment in the Joint Accounts will not be subject to the claims of creditors, whether bought in bankruptcy, insolvency or other legal proceeding, of any other participant Fund in the Joint Accounts. Applicants believe that each Fund's liability on any Short-Term Repurchase Agreement will be limited to its interest in such investment; no Fund will be jointly liable for the investments of any other Fund. Finally, the assets of all Funds will continue to be held under proper custodian procedures.

5. Applicants believe that the proposed operation of the Joint Accounts will not result in any conflicts of interest between any of the Funds and Warburg. Applicants state that, in making investments for the Joint Accounts, Warburg will be obligated to consider each Fund's investment objective or objectives, policies and restrictions; its obligation to fairly allocate investment opportunities among the Funds; and the need for diversification.

6. Applicants note that the board of directors of each Fund has considered

the proposed Joint Accounts and determined that the use of the Joint Accounts would be fair, economically desirable and beneficial to the Fund. Applicants also note that each board has determined that the operation of the Joint Accounts would be free of any inherent bias favoring one Fund over another, and the anticipated benefits flowing to each Fund would fall within an acceptable range of fairness.

7. For the reasons set forth above, 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.

Applicants' Conditions

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

1. The Joint Accounts would consist of one or more separate cash accounts established at a custodian bank. A Joint Account may be established at more than one custodian bank and more than one Joint Account may be established at any custodian bank. A Fund may transfer a portion of its daily cash balances to more than one Joint Account. After the calculation of its daily cash balance and at the direction of Warburg, each Fund would transfer into one or more Joint Accounts the cash it intends to invest through the Joint Accounts. Each Fund whose regular custodian is a custodian other than the bank at which a proposed Joint Account would be maintained and that wishes to participate in the Joint Account would appoint the latter bank as sub-custodian for the limited purpose of: (a) Receiving and disbursing cash; (b) holding any Short-Term Repurchase Agreements; and (c) holding collateral received from a transaction effected through the Joint Account. All Funds that appoint such sub-custodians will have taken all necessary actions to authorize such bank as their legal custodian, including all actions required under the Act.

2. The Joint Accounts will not be distinguishable from any other accounts maintained by the Funds at their custodians except that monies from the Funds will be deposited in a Joint Account on a commingled basis. The Joint Accounts will not have a separate existence and will not have any indicia of a separate legal entity. The Joint Accounts will only be used to aggregate individual transactions necessary for the management of each fund's daily uninvested cash balance.

3. Cash in the Joint Accounts would be invested in one or more repurchase agreements provided that (a) a Fund will not invest in a repurchase agreement having a maturity in excess of 7 days if such investment would cause the Fund to exceed its limitation regarding investments in illiquid securities and (b) the repurchase agreements are ''collateralized fully'' as defined in rule 2a-7 under the Act and satisfy the uniform standards set by the Funds for such investments. The securities subject to the repurchase agreement will be transferred to a Joint Account, and they will not be held by the Fund's repurchase counterparty or by an affiliated person of that counterparty.

4. Each Fund would participate in a Joint Account on the same basis as every other Fund in conformity with its respective investment objective or objectives, policies and restrictions. Any future Funds that participate in a Joint Account would be required to do so on the same terms and conditions as the existing funds.

5. Each Fund, through its investment adviser and/or custodian, will maintain records (in conformity with Section 31 of the Act and the rules thereunder) documenting for any given day its aggregate investment in a Joint Account and its pro rata share of each Short-Term Repurchase Agreement made through such Joint Account.

6. 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.

7. Each Fund valuing its net assets based on amortized cost in reliance on rule 2a-7 under the Act will use the average maturity of the instrument(s) in the Joint Accounts in which such Fund has an interest (determined on a dollar-weighted basis) for the purpose of computing its average portfolio maturity with respect to the portion of its assets held in a Joint Account on that day.

8. Not every Fund participating in the Joint Accounts will necessarily have its cash invested in every Short-Term Repurchase Agreement. However, to the extent a Fund's cash is applied to a particular Short-Term Repurchase Agreement, the Fund will participate in and own its proportionate share of such Short-Term Repurchase Agreement, and any income earned or accrued thereon, based upon the percentage of such investment purchased with amounts contributed by such Fund.

9. To assure that there will be no opportunity for one fund to use any part of a balance of a Joint Account credited to another Fund, no Fund will be allowed to create a negative balance in any Joint Account for any reason. Each Fund would be permitted to draw down its entire balance at any time, provided Warburg determines that such draw down would have no significant adverse impact on any other Fund participating in the Joint Account. Each Fund's decision to invest in a Joint Account would be solely at its option, and no Fund will be obligated either to invest in the Joint Accounts or to maintain any minimum balance in the Joint Accounts. In addition, each Fund will retain the sole rights of ownership to any of its assets, Including interest payable on such assets, invested in the Joint Accounts.

10. Warburg will administer, manage and invest the cash balance in the Joint Accounts in accordance with and as part of its duties under the existing or any future investment advisory contract with each Fund. Warburg will not collect any additional or separate fee for advising or managing any Joint Account.

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

12. The board of directors or trustees of the Funds participating in the Joint Account will adopt procedures pursuant to which the Joint Accounts will operate and which will be reasonably designed to provide that the requirements set forth in the application are met. The directors or trustees will make and approve such changes that they deem necessary to ensure that such procedures are followed. In addition, the directors or trustees will determine, no less frequently than annually, that the Joint Accounts have been operated in accordance with the proposed procedures, and will permit a Fund to continue to participate therein only if it determines that there is a reasonable likelihood that the Fund and its shareholders will benefit from the Fund's continued participation.

13. Investments held in a Joint Account generally will not be sold prior to maturity except: (a) If Warburg believes the investment no longer presents minimal credit risks; (b) if, as a result of a credit downgrading or otherwise, the investment no longer satisfies the investment criteria of all Funds participating in the investment; or (c) if the counterparty defaults. A Fund may, however, sell its fractional portion of an investment in a Joint Account prior to maturity of the investment in such Joint Account if the cost of such transaction will be borne solely by the selling Fund and the transaction would not adversely affect the other Funds participating in that

Joint Account. In no case would an early termination by less than all participating Funds be permitted if it would reduce the principal amount or yield received by other Funds participating in a particular Joint Account or otherwise adversely affect the other participating Funds. Each Fund participating in such Joint Account will be deemed to have consented to such sale and partition of the investments in such Joint Account.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–14354 Filed 6–2–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[File No. 5500–1]

Amquest International, Ltd.; Order of Suspension of Trading

May 30, 1997.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Amquest International, Ltd. (''Amquest'' or the ''Company''), a Florida based company which holds itself out to be part of an integrated system of companies for the provision of mortgage banking, investment and consumer credit services, because of questions regarding the accuracy of assertions by Amquest, and by others, in documents filed with the Commission and distributed to investors and market-makers of the stock of Amquest, concerning, among other things, Amquest's ownership of certain Brazilian ''Rights'' and other assets, the value of certain assets claimed by Amquest, the amount of income, if any, Amquest has generated, the acquisition by Amquest of certain entities, and the composition and involvement in Company affairs of Amquest's purported management.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above-listed company is suspended for the period from 9:30 a.m. EDT, May 30, 1997 through 11:59 p.m. EDT, on June 12, 1997.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–14541 Filed 5–30–97; 11:21 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38678; File No. SR–NASD–97–27]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Approval to Proposed Rule Change To Decrease the Minimum Quotation Increment for Certain Securities Listed and Traded on The Nasdaq Stock Market to 1/16th of $1.00

May 27, 1997.

I. Introduction

On April 17, 1997, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] And Rule 19b–4 thereunder,[2] a proposed rule change to modify The Nasdaq Stock Market's (''Nasdaq'') automated quotation system to permit Nasdaq securities whose bid is $10 or higher to be quoted in increments as small as one-sixteenth of a dollar.

The proposed rule change was published for comment in the **Federal Register** on April 25, 1997.[3] After the comment period expired, the Commission received a number of comment letters.[4] This order approves the proposal.

II. Description

Presently, Nasdaq's automated quotation system is configured so that a market maker or electronic communications network (''ECN'') can only enter a quote for a particular security in an increment of 1/8 of $1 if the market maker's bid price in that security is equal to or greater than $10. If a market maker's bid is less than $10, it may enter quotes in increments of 1/32 of $1. Nasdaq proposes to modify a system parameter in its automated quotation system to enable market makers and ECNs to enter quotations in sixteenths for Nasdaq securities when their bid price is equal to or greater than $10.

Nasdaq believes allowing Nasdaq market makers and investors to display their trading interest in these securities in sixteenths will enhance the transparency of the Nasdaq market, provide investors with a greater opportunity to receive better execution prices, facilitate greater quote competition, promote the price discovery process, contribute to narrower spreads, and enhance the capital formation process. Moreover, Nasdaq believes the proposed rule change is wholly consistent with, and in furtherance of, the important investor protection goals underlying the Order Execution Rules.[5] Customer limit orders and orders entered into ECNs priced in sixteenths are currently rounded to the nearest eighth for public display.[6] The proposal would allow all such orders to be publicly displayed at their actual price. By displaying these orders at their actual prices, Nasdaq believes the already substantial benefits provided by implementation of the Order Execution rules will be commensurately increased. Nasdaq also believes it is appropriate to reduce the minimum quotation increment for these securities in light of the SEC's decision to modify the phase-in schedule of the Order Execution Rules.[7]

III. Summary of Comments

As of May 22, 1997, the Commission received 111 comment letters concerning the proposed rule change.[8]

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No 38531 (Apr. 21, 1997), 62 FR 20233 (Apr. 25, 1997).

[4] As of May 22, 1997, the Commission received 111 comment letters. These letters, as well as any others received after this order, may be found in the Commission's Public Reference Room in File No. SR–NASD–97–27.

[5] On August 28, 1996, the Commission adopted Rule 11Ac1–4, the ''Limit Order Display Rule,'' and amendments to Rule 11Ac1–1, the ''ECN Rule,'' to require over-the-counter (''OTC'') market makers and exchange specialists to display certain customer limit orders, and to publicly disseminate the best prices that the OTC market maker or exchange specialist has placed in certain ECNs, or to comply indirectly with the ECN Amendment by using an ECN that furnishes the best market maker and specialist prices therein to the public quotation system (collectively, the ''Order Execution Rules'' or the ''Rules''). *See* Securities Exchange Act Release No. 37619A (Sept. 6, 1996), 61 FR 48290 (Sept. 12, 996).

[6] In particular, orders to buy (sell) are rounded down (up) to the nearest eighth.

[7] *See* Securities Exchange Act Release No. 38490 (Apr. 9, 1997), 62 FR 18514 (Apr. 16, 1997) (announcing the revised phase-in schedule, providing exemptive relief to accommodate the new schedule, and providing exemptive relief from compliance with the 1% requirement of the Quote Rule with respect to non-19c–3 securities.)

[8] *See* letters to Jonathan G. Katz, Secretary, SEC, from Daniel J. Balber, dated May 12, 1997, Stephen S. Baldente, undated, Adam Bandel, undated, Laurence Bag, undated, Sayan Bhattacharyya, dated May 14, 1997, Jessica Brooks, dated May 16, 1997, Michael Broudo, dated May 14, 1997, John Bucci, dated May 15, 1997, David M. Burns, dated May 16,

Continued