consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, the proposed transaction is consistent with the policy of each investment company concerned, and the proposed transaction is consistent with the general purposes of the Act.

7. Section 6(c) of the Act permits the SEC to exempt persons or transactions from any provision of the Act, if the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

8. Applicants submit that their request for relief satisfies the standards in sections 17(b) and 6(c). Applicants state that the Investing Funds will retain their ability to invest Cash Balances directly in money market instruments as authorized by their respective investment objectives and policies, if they believe they can obtain a higher rate of return, or for any other reason. Similarly, each of the Money Market Funds has the right to discontinue selling shares to any of the Investing Funds if the Board of the Money Market Fund determines that such sale would adversely affect its portfolio management and operations. In addition, applicants note that shares of the Money Market Funds will be purchased and redeemed at their net asset value, the same consideration paid and received for these shares by any other shareholder.

9. Section 17(d) and rule 17d–1 prohibit an affiliated person of an investment company, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates. Applicants believe that the Funds, by participating in the proposed transactions, and the Investment Advisers, by managing the proposed transactions, could be deemed to be participating in a joint arrangement within the meaning of section 17(d) and rule 17d–1 under the Act.

10. In considering whether to grant an exemption under rule 17d–1, the SEC considers whether the investment company's participation in such joint enterprise is consistent with the provisions, policies, and purposes of the Act, and the extent to which such participation is on a basis different from or less advantageous than that of other participants. Applicants submit that the Funds will participate in the proposed transactions on a basis not different from or less advantageous than that of any other participant and that the transactions will be consistent with the Act.

Applicants' Conditions

Applicants agree that the order granting the requested relief will be subject to the following conditions:

1. Shares of the Money Market Funds sold to and redeemed by the Investing Funds will not be subject to a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b–1 under the Act or service fee (as defined in rule 2380(b)(9) of the NASD's Conduct Rules).

2. Before the next meeting of the Board is held for the purpose of voting on an advisory contract under section 15 of the Act, the Investment Adviser to the Investing Fund will provide the Board with specific information regarding the approximate cost to the Investment Adviser of, or portion of the advisory fee under the existing advisory contract attributable to, managing the Uninvested Cash of the Investing Fund that can be expected to be invested in the Money Market Funds. In connection with approving any advisory contract for an Investing Fund, the Board, including a majority of the Disinterested Trustees, shall consider to what extent, if any, the advisory fees charged to the Investing Fund by the Investment Adviser should be reduced to account for reduced services provided to the Investing Fund by the Investment Adviser as a result of Uninvested Cash being invested in the Money Market Funds. The minute book of the Investing Fund Will record fully the Board's consideration in approving the advisory contract, including the considerations referred to above.

3. Each Investing Fund will invest Uninvested Cash in, and hold shares of, the Money Market Funds only to the extent that the Investing Fund's aggregate investment in the Money Market Funds does not exceed 25% of the Investing Fund's total assets. For purposes of this limitation, each Investing Fund or series thereof will be treated as a separate investment company.

4. Investment of Cash Balances in shares of the Money Market Funds will be in accordance with each Investing Fund's investment restrictions and will be consistent with each Investing Fund's policies as set forth in its prospectus and statement of additional information.

5. Each Investing Fund, each Money Market Fund, and any future registered open-end management investment company that may rely on the order shall be part of the same ''group of investment companies,'' as defined in section 12(d)(1)(G)(ii) of the Act, that includes the Trust.

6. No Money Market Fund shall acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

7. Before a Fund may participate in the Securities Lending Program, a majority of the Board, including a majority of the Disinterested Trustees, will approve the Fund's participation in the Securities Lending Program. Such Trustees also will evaluate the securities lending arrangement and its results no less frequently than annually and determine that any investment of Cash Collateral in the Money Market Funds is in the best interest of the shareholders of the Investing Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–14018 Filed 5–27–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–23202; 813–174]

Chase Global Co-Invest Partners 1997, L.P., et al.; Notice of Application

May 21, 1998.

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

ACTION: Notice of application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the ''Act'') granting an exemption from all provisions of the Act, except section 9, certain provisions of sections 17 and 30, sections 36 through 53, and the rules and regulations under those sections.

Summary of Application: Applicants request an order to exempt certain investment funds formed for the benefit of key employees of the The Chase Manhattan Corporation (''Chase'') and its affiliates from certain provisions of the Act, and to permit the funds to engage in certain joint transactions. Each fund will be an ''employees' securities company'' as defined in section 2(a)(13) of the Act.

Applicants: Chase Global Co-Invest Partners 1997, L.P. (the ''1997 Partnership'') and Chase.

Filing Dates: The application was filed on August 12, 1997 and amended on February 9, 1998. Applicants have agreed to file an additional amendment, the substance of which is incorporated this notice, during the notice period.

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 15, 1998 and should be accompanied by proof of service on the 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: 1997 Partnership, 380 Madison Avenue, New York, NY 10017; and Chase, 270 Park Avenue, New York, NY 10017.

FOR FURTHER INFORMATION CONTACT: Mary T. Geffroy, Senior Counsel, at (202) 942–0553, or Christine Y. Greenlees, 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, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942–8090).

Applicants' Representations

1. Chase is a bank holding company. Chase and its affiliates, as defined in rule 12b-2 under the Securities Exchange Act of 1934 (the ''Exchange Act'') (collectively, the ''Chase Group''), provide diversified financial services internationally through various bank and non-bank subsidiaries.

2. The 1997 Partnership is a Delaware limited partnership. The 1997 Partnership was the first of several anticipated investment programs (each an ''Investment Program'') that was established to enable certain key employees of the Chase Group to participate in a variety of investment opportunities that would not be offered to them as individual investors. Applicants propose to establish one or more partnerships or investment vehicles for the same purpose (the ''Subsequent Partnerships'' and collectively with the 1997 Partnership, the ''Partnerships''). Each Partnership will be an ''employees' securities company'' within the meaning of section 2(a)(13) of the Act, and will operate as a closed-end non-diversified management investment company.

3. The goal of the Partnerships is to reward and retain certain key employees and to attract qualified employees to the Chase Group. Chase believes that the Partnerships will meet the desire of these employees for an in-house investment program similar to those offered by other financial institutions to their employees.

4. Each Partnership will have a general partner or a similar entity (the ''General Partner''), that will be (i) registered as an investment adviser under the Investment Advisers Act of 1940 (the ''Advisers Act''), (ii) exempt from registration by virtue of section 203(b)(3) of the advisers Act, or (iii) excluded from the registration requirements because it is a bank or bank holding company. The General Partner will be an entity within the Chase Group, and will manage, control, and make investment decisions for the Partnerships.

5. Interests in the Partnerships (''Interests'') will be offered without registration in reliance on section 4(2) of the Securities Act of 1933 (the ''Securities Act''), and will be sold without a sales load or any similar fee. Interests will be offered and sold only to (i) current or former key employees, officers, directors, partners or persons on retainer of an entity within the Chase Group (''Eligible Employees''), (ii) spouses, parents, children, spouses of children, brothers, sisters and grandchildren of Eligible Employees (''Qualified Family Members'' and collectively with Eligible Employees, the ''Limited Partners''), or (iii) trusts or other investment vehicles established for the benefit of Limited Partners (''Qualified Investment Vehicles'' and collectively with Qualified Family Members, ''Qualified Participants''). Prior to offering Interests to Limited Partners, the General Partner must reasonably believe that the Limited Partners will be capable of understanding and evaluating the merits and risks of participation in the Partnership. Eligible Employees will be professionals engaged in various aspects of the banking or financial services business, or in related administrative, financial, accounting or operational activities.

6. Limited Partners must meet the standards for an ''accredited investor'' under rule 501(a) (5) or (6) of Regulation D of the Securities Act, except that a maximum of 35 persons who are sophisticated investors but who do not meet the definition of an accredited investor may become Limited Partners if approved by the General Partner after taking into consideration such factors as income level, investment experience, risk tolerance, professional background and length of employment with the Chase Group. Eligible Employees who satisfy the net worth requirements of rule 501(a)(5) of Regulation D will typically be senior Chase employees who have accumulated significant individual net worth. Generally, those Eligible Employees who satisfy the requirements of rule 501(a)(5) also would be expected to satisfy the requirements of rule 501(a)(6).

7. At the time an Eligible Employee is offered the right to subscribe for Interests in a Partnership, the Eligible Employee will be given a copy of the limited partnership agreement or other organizational documents (the ''Partnership Agreement'') and any investment agreement relating to the Partnership's co-investment with the entities described below (the ''Co-Investment Agreement''). The Partnership Agreement and the Co-Investment Agreement will set forth fully the terms applicable to the Limited Partners.

8. The General Partner of the 1997 Partnership will not receive any fees or other compensation for serving as the General Partner.. A General Partner of a Subsequent Partnership may be paid an annual management fee, which may be determined as a percentage of assets under management, invested capital or aggregate commitments. In addition, a General Partner may be entitled to a performance-based fee (''carried interest''), based on the Partnership's gains and losses.

9. General Partner will be required to make capital contributions to the Partnership that generally will be equal to at least 1% of the Partnership's aggregate capital commitments. The General Partner of the 1998 Partnership may contribute capital to the 1997 Partnership in a multiple of the aggregate amount of capital contributed by the Limited Partners.

10. The 1997 Partnership will make distributions to the Limited Partners and the General Partner annually with respect to tax liabilities and at other times and in other amounts as determined by the General Partner in its discretion. After distributions with respect to taxes, distributions from the 1997 Partnership will be made, first, 100% to the General Partner in respect of a portion of its capital contribution (the ''Preferred Capital Contribution'') until 90% of the amounts received by the General Partner equals three times the aggregate capital contributions of the Limited Partners plus an 8% annum return on the Preferred Capital

Contribution and, thereafter, 90% to the Limited Partners and 10% to the General Partner. Subsequent Partnerships will make distributions to the General Partners and the Limited Partners in a similar manner, provided that the priorities, amounts and percentages may differ. A more complete description of the method and timing of distributions will be contained in each Partnership's private placement memorandum.

11. The General Partner or another entity of the Chase Group may lend money to a Partnership at an interest rate no less favorable than the rate obtainable on an arm's-length basis.

12. Partnerships generally will co-invest alongside a wholly-owned subsidiary of Chase in various affiliated limited partnerships through which underlying portfolio investments are made. Except for variations in management fees or carried interests, a Partnership will co-invest on a least as favorable terms as an entity of the Chase Group. It also is possible that Chase and a Partnership may co-invest in a portfolio company alongside an investment fund or account organized for the benefit of investors who are not affiliated with the Chase Group, over which an entity within the Chevy Chase Group (other than Chase Capital Partners [1]) exercises investment discretion (a ''Third Party Fund'').

13. Interests in a Partnership will be non-transferable except with the prior written consent of the General Partner in its sole discretion. No person or entity will be admitted into a Partnership unless the person or entity is (i) an Eligible Employee, (ii) a Qualified Participant, or (iii) an entity within the Chase Group (as a General Partner or through the reallocation of a Limited Partner's Interest as described below). A portion of a Limited Partner's Interest in profits and losses may be reallocated to the General Partner upon the Limited Partner's termination of employment with the Chase Group. After a reallocation, the Interest retained by the Limited Partner will be at least equal in value to the lesser of (i) the amount invested by the Limited Partner, or (ii) the fair market value of the Interest prior to the reallocation.

14. Limited Partners' Interests initially will be partially vested and will vest in greater proportion over time as specified percentages and at specified intervals, as set forth in the applicable Partnership Agreement. The vesting terms will be disclosed to the Limited Partner at the time the Limited Partner is offered the right to purchase Interest in the Partnership.

15. The term of each Partnership generally is expected to be fixed for a period less than 30 years from the date of its creation, but may be subject to earlier termination by the General Partner. In addition, each Partnership may be dissolved upon (i) the resignation, withdrawal, dissolution or bankruptcy of the General Partner, (ii) the insolvency or bankruptcy of the Partnership, (iii) the sale of all or substantially all of the Partnership's assets, or (iv) the conversion of the Partnership to corporate form pursuant to the terms of the applicable Partnership Agreement. Upon dissolution of the Partnership, the Partnership's assets will be distributed in accordance with the applicable Partnership Agreement.

16. A Partnership will not acquire any security issued by a registered investment company if, immediately after the acquisition, the Partnership will own more than 3% of the outstanding voting stock of the registered investment company.

17. As soon as practicable after the end of each fiscal year of each Partnership, the General Partner will mail or otherwise furnish a copy of a certified public accountant's report, which will include the Partnership's financial statements, to each Limited Partner of the Partnership. In addition, each Partnership will supply the Limited Partners with all information reasonably necessary to enable the Limited Partners to prepared their federal and state income tax returns.

Applicants' Legal Analysis

1. Section 6(b) of the Act provides that the SEC will exempt employees' securities companies from the provisions of the Act to the extent that the exemption is consistent with the protection of investors. Section 6(b) provides that the SEC will consider, in determining the provisions of the Act from which the company should be exempt, the company's form of organization and capital structure, the persons owning and controlling its securities, the price of the company's securities and the amount of any sales load, how the company's funds are invested, and the relationship between the company and the issuers of the securities in which it invests. Section 2(a)(13) defines an employees' securities company, in relevant part, as any investment company all of whose securities are beneficially owned by (i) current or former employees, or persons on retainer, of one or more affiliated employers, (ii) immediate family members of those persons, or (iii) the employer or employers together with any of the persons in (i) or (ii).

2. Section 7 of the Act generally prohibits investment companies that are not registered under section 8 of the Act from selling or redeeming their securities. Section 6(e) provides that, in connection with any order exempting an investment company from any provision of section 7, certain provisions of the Act, as specified by the SEC, will be applicable to the company and other persons dealing with the company as though that company was registered under the Act.

3. Applicants request an order under sections 6(b) and 6(e) of the Act exempting the Partnerships from all provisions of the Act, except section 9, certain provisions of sections 17 and 30, sections 36 through 53, and the rules and regulations under those sections.

4. Section 17(a) generally prohibits any affiliated person of a registered investment company, or any affiliated person of that person, acting is principal, from knowingly selling or purchasing any security or other property to or from that company. Applicants request an exemption from section 17(a) to permit (i) an entity within the Chase Group (including a Third Party Fund) to engage in any transaction with a Partnership, or a company controlled by the Partnership (''Controlled Company''), (ii) a Partnership to invest in or engage in any transaction with any entity in which a Partnership, a Controlled Company, or an entity within the Chase Group (a) has invested or will invest, or (b) is or will become otherwise affiliated, and (iii) a Third Party Investor [2] to engage in any transaction with a Partnership or Controlled Company.

5. Applicants submit that an exemption from section 17(a) is consistent with the policy of each Partnership and the protection of investors. Applicants believe that an exemption is necessary to enable the Partnerships to participate in attractive investments that may be offered by the Chase Group. Applicants assert that the Limited Partners will have been fully informed of the possible extent of the Partnership's investments with affiliates and will be able to understand and

[1] Chase Capital Partners is the general partner of a separate limited partnership, the CCP Limited Partnership, into which certain partners and principals of Chase Capital Partners, and certain employees of the Chase Group, invest. The CCP Limited Partnership is not included as a Partnership for purposes of this application.

[2] A Third Party Investor is a partner or other investor of a Third Party Fund that is not an entity within the Chase Group, or any affiliate of that partner or investor.

evaluate the risks associated with those investments.

6. Section 17(d) and rule 17d–1 prohibit any affiliated person or principal underwriter of a registered investment company, or any affiliated person of that person or underwriter, acting as principal, from participating in any joint arrangement with the company unless authorized by the SEC. Applicants request exemptive relief to permit affiliated persons of each Partnership, or affiliated persons of any of these persons, to participate in any joint arrangement in which the Partnership or a company controlled by the Partnership is a participant.

7. Applicants assert that the flexibility to structure co-investments and joint investments in the manner described in the application will not involve abuses of the type that section 17(d) and rule 17d–1 were designed to prevent. Applicants state that the concern that permitting co-investments by Chase and the Partnership might lead to less advantageous treatment of the Partnership, should be mitigated by the community of interest among the Chase Group and the personnel who invest in the Partnership, and the fact that officers, directors, and partners of entities within the Chase Group will be investing in the Partnership. In addition, applicants assert that strict compliance with section 17(d) would prevent the Partnerships from participating in attractive investments solely because an affiliate of the Partnership also may participate in the investment. Finally, applicants contend that the ''lock-step'' procedures described in condition 3 below, align the interests of the Eligible Employees with those of the Chase Group and, therefore, minimize the possibility that a Partnership may be disadvantaged by an affiliate's participation in a transaction.

8. Co-investments with Third Party Funds will not be subject to Condition 3. Applicants believe it is important that the Third Party Fund not be burdened or otherwise affected by a Partnership's participation in an investment opportunity. In addition, applicants believe that the relationship of a Partnership to a Third Party Fund is fundamentally different from a Partnership's relationship to the Chase Group. Applicants contend that the focus of, and the rationale for, the protections contained in the requested relief are to protect the Partnerships from any overreaching by the Chase Group in the employer/employee context, whereas the same concerns are not present with respect to the Partnerships vis-a-vis the investors of a Third Party Fund.

9. Section 17(f) of the Act designates the entities that may act as investment company custodians, and rule 17f–1 imposes certain requirements when the custodian is a member of a national securities exchange. Applicants request an exemption from section 17(f) and rule 17f–1 to the extent necessary to permit an entity within the Chase Group to act as custodian of Partnership assets without a written contract, as would be required by rule 17f–1(a). Applicants also request an exemption from the rule 17f–1(b)(4) requirement that independent accountants periodically verify the assets held by the custodian. Applicants believe that, because of the community of interest of all the parties involved and the existing requirement for an independent annual audit, compliance with these requirements would be unnecessarily burdensome and expensive. Each Partnership will comply with all other requirements of rule 17f–1.

10. Section 17(g) and rule 17g–1 generally require the bonding of officers and employees of a registered investment company who have access to its securities or funds. Rule 17g–1 requires that a majority of directors who are not interested persons take certain actions and give certain approvals relating to fidelity bonding. Applicants request exemptive relief to permit the members of a related board of directors or other committee serving similar functions (the ''Board''), who may be deemed interested persons, to take actions and make determinations set forth in the rule. Applicants state that, because all of the members of a related Board will be affiliated persons, a Partnership could not comply with rule 17g–1 without the requested relief. Specifically, each Partnership will comply with rule 17g–1 by having a majority of the members of the related Board take such actions and make such approvals as are set forth in rule 17g–1. Applicants also state that each Partnership will comply with all other requirements of rule 17g–1.

11. Section 17(j) and paragraph (a) of rule 17j–1 prohibit certain enumerated persons from engaging in fraudulent or deceptive practices in connection with the purchase and sale of a security held or to be acquired by a registered investment company. Rule 17j–1 also requires that every registered investment company adopt a written code of ethics and that every access person of a registered investment company report personal securities transactions. Applicants request an exemption from the provisions of rule 17j–1 (except rule 17j–1(a)) because they are unnecessarily burdensome as applied to the Partnerships.

12. Applicants request an exemption from the requirements in sections 30(a), 30(b) and 30(e) and the rules under those sections, that registered investment companies prepare and file with the SEC and mail to their shareholders certain periodic reports and financial statements. Applicants believe that the forms prescribed by the SEC for periodic reports have little relevance to a Partnership and would entail administrative and legal costs that outweigh any benefit to the Limited Partners in a Partnership. Applicants request exemptive relief to the extent necessary to permit each Partnership to report annually to its Limited Partners. Applicants also request an exemption from section 30(h) to the extent necessary to exempt the General Partner of each Partnership and any others who may be deemed to be members of an advisory board of a Partnership from filing Forms 3, 4 and 5 under section 16(a) of the Exchange Act with respect to their ownership of Interests in the Partnership. Applicants assert that, because there will be no trading market and the transfers of Interests will be severely restricted, these filings are unnecessary for the protection of investors and burdensome to those required to make them.

Applicants' Conditions

Applicants agree that the order granting the requested relief will be subject to the following conditions:

1. Each proposed transaction otherwise prohibited by section 17(a) or section 17(d) and rule 17d–1 to which a Partnership is a party (the ''Section 17 Transactions'') will be effected only if the Board determines that: (i) the terms of the transaction, including the consideration to be paid or received, are fair and reasonable to the Limited Partners and do not involve overreaching of the Partnership or its Limited Partners on the part of any person concerned; and (ii) the transaction is consistent with the interests of the Limited Partners, the Partnership's organizational documents, and the Partnership's reports to its Limited Partners. In addition, the General Partner will record and preserve a description of the affiliated transactions, the Board's findings, the information or materials upon which the Board's findings are based, and the basis for the findings. All records relating to an Investment Program will be maintained until the termination of the Investment Program and at least two

years thereafter, and will be subject to examination by the SEC and its staff.[3]

2. In connection with the Section 17 Transactions, the Board, through the General Partner, will adopt, and periodically review and update, procedures designed to ensure that reasonable inquiry is made, prior to the consummation of any transaction, with respect to the possible involvement in the transaction of any affiliated person, promoter of, or principal underwriter for the Partnerships, or any affiliated person of that person, promoter, or principal underwriter.

3. The General Partner will not invest the funds of any Partnership in any investment in which a ''Co-Investor'' (as defined below) has acquired, or proposes to acquire, the same class of securities of the same issuer, where the investment involves a joint enterprise or other joint arrangement within the meaning of rule 17d–1 in which the Partnership and the Co-Investor are participants, unless the Co-Investor, prior to disposing of all or part of its investment (i) gives the General Partner sufficient, but not less than one day's, notice of its intent to dispose of its investment, and (ii) refrains from disposing of its investment unless the Partnership has the opportunity to dispose of the Partnership's investment prior to, or concurrently with, on the same terms as, and pro rata with, the Co-Investor. The term ''Co-Investor'' means any person who is (i) an ''affiliated person'' (as that term is defined in the Act) of the Partnership (other than a Third Party Fund); (ii) Chase Capital Partners or another entity within the Chase Group; (iii) an officer, director or partner of Chase Capital Partners or another entity within the Chase Group; or (iv) a company in which the General Partner of the Partnership acts as a general partner or has a similar capacity to control the sale or other disposition of the company's securities. The restrictions contained in this condition, however, will not be deemed to limit or prevent the disposition of an investment by a Co-Investor (i) to its direct or indirect wholly-owned subsidiary, to any company (a ''parent'') of which the Co-Investor is a direct or indirect wholly-owned subsidiary, or to a direct or indirect wholly-owned subsidiary of its parent; (ii) to Qualified Family Members of the Co-Investor or a trust or other investment vehicle established for a Qualified Family Member; (iii) when the investment is comprised of securities that are listed on any exchange registered as a national securities exchange under section 6 of the Exchange Act; (iv) when the investment is comprised of securities that are national market system securities pursuant to section 11A(a)(2) of the Exchange Act and rule 11Aa2–1 under that Act, or (v) when the investment is comprised of securities that are listed on or traded on any foreign securities exchange or board of trade that satisfies regulatory requirements under the law of the jurisdiction in which the foreign securities exchange or board of trade is organized similar to those that apply to a national securities exchange or a national market system for securities.

4. Each Partnership and the General Partner or the investment manager of the Partnership will maintain and preserve, for the life of the Partnership and at least two years thereafter, those accounts, books, and other documents that constitute the record forming the basis for the audited financial statements that are to be provided to the Limited Partners, and each annual report of the Partnership required to be sent to the Limited Partners, and agree that all of those records will be subject to examination by the SEC and its staff.[4]

5. The General Partner will send to each Limited Partner who had an interest in any capital account of the Partnership, at any time during the fiscal year then ended, Partnership financial statements audited by the Partnership's independent accountants. As of the end of each fiscal year, the General Partner will make a valuation or have a valuation made of all of the assets of the Partnership as of that fiscal year end in a manner consistent with customary practice with respect to the valuation of assets of the kind held by the Partnership. In addition, as soon as practicable after the end of each fiscal year of each Partnership, the General Partner will send a report to each person who was a Limited Partner at any time during the fiscal year then ended, setting forth tax information as will be necessary for the preparation by the Limited Partner of federal and state income tax returns, and a report of the investment activities of the Partnership during that year.

6. In any case where purchases or sales are made by a Partnership from or to an entity affiliated with that Partnership by reason of a 5% or more investment in that entity by a Chase Group director, officer or employee, that individual will not participate in the Partnership's determination of whether or not to effect the purchase or sale.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–14112 Filed 5–27–98; 8:45 am]

BILLING CODE 8010–01–M

[3] Each Partnership will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

[4] Each Partnership will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–23199; File No. 812–10978]

U.S. Global Leaders Variable Insurance Trust, et al.; Notice of Application

May 20, 1998.

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

ACTION: Notice of Application for an order pursuant to Section 6(c) of the Investment Company Act of 1940 (''1940 Act'') granting exemptive relief from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder.

Summary of Application: Applicants seek an order to permit shares of any current or future series of U.S. Global Leaders Variable Insurance Trust (the ''Fund'') and shares of any other investment company that is designed to fund variable insurance products for which Yeager, Wood & Marshall, Inc. (the ''Adviser'') or any of its affiliates, may now or in the future serve as manager, investment adviser, administrator, principal underwriter or sponsor (the Fund and such other investment companies, collectively, ''Insurance Products Funds'') to be sold to and held by: (1) Separate accounts funding variable annuity and variable life insurance contracts issued by both affiliated and unaffiliated life insurance companies (''Participating Insurance Companies''); (2) qualified pension and retirement plans outside of the separate account context (''Qualified Plans'' or ''Plans''); and (3) the Adviser or any of its affiliates (representing seed money investments in the Insurance Products Funds).

Applicants: U.S. Global Leaders Variable Insurance Trust and Yeager, Wood & Marshall, Inc.

Filing Date: The application was filed on January 23, 1998, and amended on March 26, 1998.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request