

shall be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Attn: Rulemakings and Adjudications Staff, Washington, DC 20555. Copies also shall be sent to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555, to the Assistant General Counsel for Materials Litigation and Enforcement at the same address, to the Regional Administrator, NRC Region III, 801 Warrenville Road, Lisle, IL 60532-4351 and to Gail C. VanCleave if the answer or hearing request is by a person other than Gail C. VanCleave. If a person other than Gail C. VanCleave requests a hearing, that person shall set forth with particularity the manner in which his interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 2.714(d).

If a hearing is requested by Gail C. VanCleave or a person whose interest is adversely affected, the Commission will issue an Order designating the time and place of any hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Order should be sustained.

In the absence of any request for hearing, or written approval of an extension of time in which to request a hearing, the provisions specified in section IV above shall be final 20 days from the date of this Order without further order or proceedings. If an extension of time for requesting a hearing has been approved, the provisions specified in section IV shall be final when the extension expires if a hearing request has not been received.

Dated this 6th day of November 2000.

For The Nuclear Regulatory Commission.

**Frank J. Miraglia, Jr.,**

*Deputy Executive Director for Reactor Programs.*

[FR Doc. 00-29724 Filed 11-20-00; 8:45 am]

**BILLING CODE 7590-01-P**

## NUCLEAR REGULATORY COMMISSION

[Docket No. 70-7005]

### Consideration of an Exemption From Requirements of 10 CFR Part 70 for Waste Control Specialist LLC

**AGENCY:** Nuclear Regulatory Commission.

**ACTION:** Consideration of an exemption.

**SUMMARY:** The U.S. Nuclear Regulatory Commission (NRC or the Commission) is considering issuance of an Order pursuant to section 274f of the Atomic Energy Act that would exempt Waste Control Specialist LLC (WCS) from

certain NRC regulations. WCS requested this exemption in a letter dated September 25, 2000. The proposed exemption would allow WCS, under specified conditions, to possess waste containing special nuclear material (SNM), in greater mass quantities than specified in 10 CFR part 150, at WCS's facility located in Andrews County, Texas, without obtaining an NRC license pursuant to 10 CFR part 70. NRC issued a similar Order to Envirocare of Utah, Inc. in May of 1999. During the issuance of that Order, the Commission indicated that staff should consider similar requests from others prior to exploring rulemaking in this area (SRM-SECY-98-226).

**SUPPLEMENTARY INFORMATION:** The WCS facility is approximately 1200 acres in size and is located in western Texas, approximately 32 miles west of Andrews, Texas. WCS is licensed by the State of Texas Department of Health to treat and temporarily store low-level radioactive waste. WCS is also licensed by the Texas Natural Resource Conservation Commission and the U.S. Environmental Protection Agency to dispose of hazardous waste. The hazardous waste activities at the site are not subject to the Order currently under consideration.

Prior to the issuance of the Order, NRC will have made findings required by the Atomic Energy Act of 1954, as amended, and NRC's regulations. These findings will be documented in a Safety Evaluation Report and an Environmental Assessment.

**FOR FURTHER INFORMATION CONTACT:**

Timothy E. Harris, Environmental and Performance Assessment Branch, Division of Waste Management, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001. Telephone: (301) 415-6613. Fax.: (301) 415-5397.

Dated at Rockville, Maryland, this 7th day of November 2000.

For the Nuclear Regulatory Commission.

**Thomas H. Essig,**

*Chief, Environmental and Performance Assessment Branch, Division of Waste Management, Office of Nuclear Material Safety and Safeguards.*

[FR Doc. 00-29725 Filed 11-20-00; 8:45 am]

**BILLING CODE 7590-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24741; 813-232]

### ML Taurus, Inc.; Notice of Application

November 15, 2000.

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

**ACTION:** Notice of application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the "Act") exempting the applicant from all provisions of the Act, except section 9, section 17 (other than certain provisions of sections 17(a), (d), (e), (f), (g), and (j)), section 30 (except for certain provisions of sections 30(a), (b), (e), and (h)), sections 36 through 53, and the rules and regulations under the Act.

*Summary of Application:* Applicant requests an order to exempt certain limited partnerships and other entities ("Partnerships") formed for the benefit of key employees of Merrill Lynch & Co., Inc. ("ML & Co.") and its affiliates from certain provisions of the Act. Each Partnership will be an "employees' securities company" within the meaning of section 2(a)(13) of the Act.

*Applicant:* ML Taurus, Inc. ("ML Taurus").

*Filing Dates:* The application was filed on February 8, 2000, and amended on November 9, 2000.

*Hearing or Notification of Hearing:* An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 11, 2000, and should be accompanied by proof of service on applicant, 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 Commission's Secretary.

**ADDRESSES:** Secretary, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicant, c/o Leonard B. Mackey, Jr., Esquire, Clifford Chance Rogers & Wells LLP, 200 Park Avenue, New York, New York 10166-0153.

**FOR FURTHER INFORMATION CONTACT:**

Emerson S. Davis, Sr., Senior Counsel, at (202) 942-0714, or Janet M. Grossnickle, Branch Chief, at (202) 942-0526 (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 Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. 202-942-8090).

### Applicant's Representations

1. ML & Co. is a diversified financial services holding company which provides investment, financing, insurance and related services through subsidiaries. Its principal subsidiary, Merrill Lynch, Pierce, Fenner & Smith Incorporated, is a broker-dealer registered under the Securities Exchange Act of 1934 (the "Exchange Act"). ML & Co. and its affiliates as defined in rule 12b-2 of the Exchange Act are referred to collectively as the "Merrill Lynch Group."

2. ML Taurus, an indirect wholly-owned subsidiary of ML & Co., intends to establish Partnerships from time to time. Each Partnership will be organized as either a Delaware limited partnership, a Delaware limited liability company or another appropriate entity, will be an "employees' securities company" within the meaning of section 2(a)(13) of the Act, and each will operate as a closed-end, management investment company which may be diversified or non-diversified. The Partnerships will be established for the benefit of highly compensated employees, officers, directors and current Consultants<sup>1</sup> of ML & Co. and its affiliates, primarily to create capital building opportunities that are competitive with those at other financial services firms and to facilitate the recruitment and retention of high caliber professionals. The investment objectives and policies for each Partnership may vary from Partnership to Partnership. Participation in a Partnership will be voluntary.

3. ML Taurus, another direct or indirect wholly-owned subsidiary of ML & Co. or an entity within the Merrill Lynch Group may serve as general partner to one or more of the Partnerships ("General Partner"). The General Partner will manage, operate and control each Partnership. The executive offices and directors of the General Partner or of any entity controlling the General Partner will be employees of the Merrill Lynch Group who are eligible to invest in the

Partnership. The General Partner may delegate certain management responsibilities to a manager ("Manager"), which will be either ML & Co., a person controlling, controlled by or under common control with ML & Co. or an investment committee composed of "Eligible Employees" as defined below. The General Partner or Manager will act as the investment adviser to a Partnership and will register as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"), if required under applicable law.

4. 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"), or Regulation D under the Securities Act, and will be sold only to "Eligible Employees," and other "Qualified Participants," each as defined below, or members of the Merrill Lynch Group (collectively, the "Limited Partners"). Prior to offering Interests to an Eligible Employee or "Qualified Family Member," as defined below, the General Partner must reasonably believe that such individual has such knowledge, sophistication and experience in business and financial matters to be capable of evaluating the merits and risks of participating in the Partnership, is able to bear the economic risk of such investment and is able to afford a complete loss of such investment. An Eligible Employee is an individual who is former or current employee, officer, director or current Consultant of the Merrill Lynch Group who meets the standards of an "accredited investor" as defined in rule 501(a)(5) or 501(a)(6) of Regulation D under the Securities Act (an "Accredited Investor") or one of 35 or fewer employees of the Merrill Lynch Group who meets certain salary and other requirements ("Other Investors").

5. Each Other Investor will be an employee of the Merrill Lynch Group who (a) is a "knowledgeable employee," as defined in rule 3c-5 under the Act, of such Partnership (with the Partnership treated as though it were a "Covered Company" for purposes of the rule), or (b) has a graduate degree in business, law or accounting, has a minimum of five years of consulting, investment banking or similar business experience, and has a reportable income from all sources in the two calendar years immediately preceding the Other Investor's participation in the Partnership of at least \$100,000 and has a reasonable expectation of reportable income of at least \$140,000 per year in each year in which the Other Investor invests in a Partnership. In addition, an

Other Investor qualifying under (b) above will not be permitted to invest in any year more than 10% of such person's income from all sources for the immediately preceding year in aggregate in a Partnership and in all other Partnerships in which that Other Investor has previously invested.

6. A Qualified Participant is an Eligible Employee, Qualified Family Member (as defined below) or Qualified Investment Vehicle (as defined below). A "Qualified Family Member" is a spouse, parent, child, spouse of child, brother, sister, or grandchild of an Eligible Employee, and must be an Accredited Investor. A "Qualified Investment Vehicle" is a trust or other investment vehicle established solely for the benefit of an Eligible Employee or Qualified Family Members. A Qualified Investment Vehicle must be either (a) an Accredited Investor or (b) an entity for which an Eligible Employee or Qualified Family Member is a settlor and principal investment decision-maker.

7. The terms of investment in a Partnership will be fully disclosed to each prospective Limited Partner at the time the Limited Partner is invited to participate in the Partnership. Each Partnership will send annual reports, which will contain audited financial statements, as soon as practicable after the end of each of its fiscal year to Limited Partners. In addition, as soon as practicable after the end of each tax year of a Partnership, each Limited Partner will receive a report setting forth such tax information as shall be necessary for the preparation by the Limited Partner of his or her federal tax returns.

8. The specific investment objectives and strategies for a particular Partnership will be set forth in a private placement memorandum relating to the Interests offered by the Partnership and each Qualified Participant will receive a copy of the private placement memorandum and the limited partnership agreement (or other constitutive document) of the Partnership.

9. Interests in a Partnership will be non-transferable except with the prior written consent of the General Partner. No person will be admitted into a Partnership unless the person is a Qualified Participant or member of the Merrill Lynch Group. No fee of any kind will be charged in connection with the sale of Interests.

10. The General Partner may have the right, but not the obligation, to repurchase or cancel the Interest of an Eligible Employee who ceases to be an employee, officer, director or current Consultant of any member of the Merrill

<sup>1</sup> A "Consultant" is a person or entity whom a Merrill Lynch Group member has engaged on a retainer to provide services and professional expertise on an ongoing basis as a regular consultant or as a business or legal adviser and who shares a community of interest with the Merrill Lynch Group and its employees.

Lynch Group for any reason. Upon repurchase or cancellation, such Limited Partner's Interest will be purchased by the General Partner for cash in an amount at least equal to the lesser of (a) the amount of such Partner's capital contributions less prior distributions from the Partnership together (plus interest, as determined by the General Partner) or (b) the value of the Interest, as determined by the General Partner in good faith as of the date of termination.

11. Subject to the terms of the applicable limited partnership agreement (or other constitutive documents), a Partnership will be permitted to enter into transactions involving (a) a Merrill Lynch Group entity, (b) a Client Fund (as defined below) or other portfolio company, (c) a Limited Partner or any person or entity affiliated with a Limited Partner, or (d) any partner or other investor in any entity in which a Partnership invests. These transactions may include a Partnership's purchase or sale of an investment or an interest from or to any Merrill Lynch Group entity or Client Fund, acting as principal. Prior to entering into these transactions, the General Partner must determine that the terms are fair to the Limited Partners.

12. A Partnership will not invest more than 15% of its assets in securities issued by registered investment companies except for temporary investments in money market funds. 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. The Partnership may also invest in Client Funds that are not registered under the Act by virtue of section 3(c)(1) or section 3(c)(7) of the Act.

13. The General Partner or Manager of a Partnership may charge the Partnership an annual management fee, a flat administrative charge or a "carried interest."<sup>2</sup> A General Partner or Manager may receive reimbursement of

its out-of-pocket expenses, including the allocable portion of the salaries of Merrill Lynch Group employees who work on the Partnerships' affairs. Directors or officers of the General Partner or Manager, or of any entity controlling the General Partner or Manager, may also be compensated for their services to the General Partner or Manager, including reimbursement for out-of-pocket expenses, and may be allocated a portion of any carried interest paid by such Partnership.

14. If a Partnership becomes a limited partner or otherwise holds an interest in an investment fund organized or managed by the Merrill Lynch Group in which unaffiliated third parties also are limited partners or otherwise hold interests (a "Client Fund"), the Partnership may be obligated to pay a pro rata share of any fees (including carried interest) charged to the unaffiliated limited partners or interest holders of such Client Fund. A Partnership may also invest in funds managed or advised by persons not affiliated with ML & Co. in which case such unaffiliated persons may also be entitled to fees (including carried interest) from the Partnership. In all such cases, the Partnerships will enter into commercially reasonable arm's length arrangements with respect to the payment of the fees and the potential for payment of any such management fees or carried interest will be fully described in the applicable offering documents.

15. Members of the Merrill Lynch Group and/or unaffiliated third parties may make loans to the Partnerships and/or to Limited Partners in connection with their purchase of Partnership Interests, provided that a Partnership will not borrow from any person if the borrowing would cause any person not named in section 2(a)(13) of the Act to own outstanding securities of the Partnership (other than short-term paper). In connection with any leverage of the Partnership or preferred contributions, Eligible Employees will not have any personal liability in excess of the amounts payable under their respective subscription agreements for the repayment of the preferred capital contribution, including in the event that, upon liquidation of the Partnership, the assets of the Partnership are insufficient to permit the Partnership to repay such preferred capital contribution in full. Members of the Merrill Lynch Group may also make preferred capital contributions to the Partnerships either through the General Partner or as Limited Partners. Any leverage or preferred capital

contributions will bear interest at a rate no less favorable to a Partnership or its Limited Partners than that could be obtained on an arm's length basis.

16. Eligible Employees may be able to defer compensation under a deferred compensation plan established in connection with the Partnerships and receive a return on such deferred compensation determined by reference to the performance of a Partnership. Such employees also may be able to leverage their deferred compensation through "borrowings" from members of the Merrill Lynch Group structured in a manner similar to direct loads to Limited Partners. The deferred compensation plans/or an Eligible Employee's interest in such plans: (a) Will be subject to the applicable terms and conditions of this application;<sup>3</sup> (b) will only be offered to Eligible Employees who are current employees, officers, directors or consultants of the Merrill Lynch Group; (c) will have restrictions on transferability, including prohibitions on assignment or transfer except in the event of the Eligible Employee's death or as otherwise required by law; and (d) will provide information to participants equivalent to that provided to investors and prospective investors in the corresponding Partnership, including, without limitation, disclosure documents and audited financial information.

#### **Applicant's Legal Analysis**

1. Section 6(b) of the Act provides, in part, that the Commission 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 Commission 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

<sup>2</sup> A "carried interest" is an allocation to the General Partner or Manager based on the net gains in addition to the amount allocable to the General Partner or Manager that is in proportion to its capital contributions. Depending on whether the General Partner or Manager is registered as an investment adviser under the Advisers Act, any "carried interest" will be charged only if permitted by rule 205-3 under the Advisers Act (in the case of a General Partner or Manager registered under the Advisers Act) or will comply with section 205(b)(3) of the Advisers Act (with the Partnership treated as though it were a "business development company" solely for the purpose of that section) in the case of a General Partner or Manager not registered under the Advisers Act.

<sup>3</sup> For purposes of this application, a Partnership will be deemed to be formed with respect to each deferred compensation plan and each reference to "Partnership," "capital contribution," "General Partner," "Limited Partner," "loans" or "leverage" and "Interest" in this application will be deemed to refer to the deferred compensation plan, the notional capital contribution to the deferred compensation plan, the Merrill Lynch Group, a participant of the deferred compensation plan, notional loans or leverage and participation rights in the deferred compensation plan, respectively.

company, in relevant part, as any investment company all of whose securities are beneficially owned (a) by current or former employees, or persons on retainer, of one of more affiliated employers, (b) by immediate family members of such persons, or (c) by such employer or employers together with any of the persons in (a) or (b).

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 Commission, will be applicable to the company and other persons dealing with the company as though the company were registered under the Act. Applicant requests an order under sections 6(b) and 69e) of the Act exempting the Partnerships from all provisions of the Act, except section 9, section 17 (other than certain provisions of paragraphs (a), (d), (e), (f), (g), and (j)), section 30 (other than certain provisions of paragraphs (a), (b), (e), and (h)), sections 36 through 53 of the Act, and the rules and regulations under the Act and approving transactions pursuant to section 17(d) of the Act and rule 17d-1 thereunder.

3. Section 17(a) generally prohibits any affiliated person of a registered investment company, or any affiliated person of an affiliated person, acting as principal, from knowingly selling or purchasing any security or other property to or from the company. Applicant requests an exemption from section 17(a) to permit: (a) A member of the Merrill Lynch Group or a Client Fund, acting as principal, to engage in any transaction directly or indirectly with any Partnership or any entity controlled by such Partnership; (b) a Partnership to invest in or engage in any transaction with any entity, acting as principal (i) in which such Partnership, and company controlled by such Partnership, or any entity within the Merrill Lynch Group or a Client Fund has invested or will invest or (ii) with which such Partnership, any company controlled by such Partnership or any Merrill Lynch Group entity or a Client Fund is or will otherwise become affiliated; and (c) a partner or other investor in any entity in which a Partnership invests, acting as principal, to engage in transactions directly or indirectly with the related Partnership or any company controlled by such Partnership.

4. Applicant states that an exemption from section 17(a) is consistent with the protection of investors and the purposes

of the Partnerships. Applicant states that the Limited Partners in each Partnership will be informed of the possible extent of the Partnership's dealings with the Merrill Lynch Group and of the potential conflicts of interest that may exist. Applicant also asserts that the community of interest among the Limited Partners and Merrill Lynch Group will serve to reduce any risk of abuse in transactions involving a Partnership and the Merrill Lynch Group.

5. Section 17(d) of the Act and rule 17d-1 under the Act prohibit any affiliated person of a registered investment company, or any affiliated person of an affiliated person, acting as principal, from participating in any joint enterprise, or other joint arrangement, unless approved by the Commission. Applicant requests approval to permit affiliated persons of each Partnership, or affiliated persons of such persons, to participate in any joint arrangement in which the Partnership or an entity controlled by the Partnership is a participant.

6. Applicant submits that it is likely that suitable investments will be brought to the attention of a Partnership because of its affiliation with the Merrill Lynch Group, the Merrill Lynch Group's large capital resources, and its experience in structuring complex transactions. Applicant also submits that the types of investment opportunities considered by a Partnership often require each investor to make funds available in an amount that may be substantially greater than what a Partnership may make available on its own. Applicant contends that, as a result, the only way in which a Partnership may be able to participate in these opportunities may be to co-invest with other persons, including its affiliates. Applicant notes that each Partnership will be primarily organized for the benefit of Eligible Employees as an incentive for them to remain with the Merrill Lynch Group and for the generation and maintenance of goodwill. Applicant believes that, if co-investments with the Merrill Lynch Group are prohibited, the appeal of the Partnerships would be significantly diminished.

7. Applicant states that the possibility that permitting co-investments by an affiliated person or an affiliated person of an affiliated person might lead to less advantageous treatment of the Partnership is minimal in light of (a) the Merrill Lynch Group's intention in establishing a Partnership so as to reward Eligible Employees and to attract and retain highly qualified personnel, (b) the Merrill Lynch Group's capital

contributions to the Partnerships, (c) the liability of the General Partner to the extent that a Partnership's losses exceed its assets and (d) the fact that executive officers and directors of the General Partners or of the entity controlling the General Partner may themselves invest in the Partnership. In addition, applicant asserts that strict compliance with section 17(d) could cause a Partnership to forgo attractive investment opportunities simply because an affiliated person of the Partnership has made, or may make, the same investment.

8. Applicant believes that the interests of the Eligible Employees participating in a Partnership will be adequately protected in situations where condition 3 in the application does not apply. A Partnership may also co-invest with an investment fund or separate account, organized for the benefit of investors who are not affiliated with the Merrill Lynch Group, over which a member of the Merrill Lynch Group exercises investment discretion (a "Third-Party Fund"). Applicant states that in structuring a Third-Party Fund, it is common for unaffiliated investors of such fund to require that the Merrill Lynch Group invest its own capital in fund investments, either through the fund or on a side-by-side basis, and that such Merrill Lynch Group investment be subject to substantially the same terms as those applicable to the fund's investment. Applicant states that it is important to the Merrill Lynch Group that the interests of the Third-Party Fund take priority over the interests of the Partnerships, and that the activities of the Third-Party Fund not be burdened or otherwise affected by the activities of the Partnerships. In addition, the relationship of a Partnership to a Third-Party Fund, in the context of this application, is fundamentally different from such Partnership's relationship to the Merrill Lynch Group. The focus of, and the rationale for, the protections contained in this application are to protect the Partnerships from any overreaching by the Merrill Lynch 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(e) of the Act and rule 17e-1 under the Act limit the compensation an affiliated person may receive when acting as agent or broker for a registered investment company. Applicant requests an exemption from section 17(e) to permit a Merrill Lynch Group member (including the General Partner) acting as agent or broker, to receive placement fees, financial

advisory fees or other compensation in connection with the purchase or sale by a Partnership of securities, subject to the requirement that placement fees, financial advisory fees or other compensation is deemed "usual and customary." Applicant states that for the purposes of the application, fees and other compensation that is being charged or received by the Merrill Lynch Group will be deemed "usual and customary" only if (a) the Partnership is purchasing or selling securities with other unaffiliated third parties, (b) the fees or compensation being charged to the Partnership are also being charged to the unaffiliated third parties, and (c) the amount of securities being purchased or sold by the Partnership does not exceed 50 percent of the total amount of securities being purchased or sold by the Partnership and unaffiliated third parties. Applicant asserts that compliance with section 17(e) would prevent a Partnership from participating in a transaction in which a member of the Merrill Lynch Group does not, for other business reasons, wish a Partnership to be treated in a more favorable manner (in terms of lower fees) than unaffiliated third parties. Applicant asserts that fees or other compensation paid by a Partnership to a Merrill Lynch Group entity will be the same as those negotiated at arm's length with unaffiliated third parties and the unaffiliated third parties will have as great or greater interest as the Partnership in the transaction as a whole.

10. Rule 17e-1(b) requires that a majority of directors who are not "interested persons" (as defined by section 2(a)(19) of the Act) take actions and make approvals regarding commissions, fees, or other remuneration. Applicant requests an exemption from rule 17e-1 to the extent necessary to permit each Partnership to comply with the rule without having a majority of the directors of the General Partner who are not interested persons take actions and make determinations as set forth in the rule. Applicant states that because all of the directors of a General Partner will be affiliated persons, without such relief requested, a Partnership could not comply with rule 17e-1. Applicant states that each Partnership will comply with rule 17e-1(b) by having a majority of the directors of the Partnership take actions and make approvals as set forth in rule 17e-1. Applicant states that each Partnership will otherwise comply with the requirements of rule 17e-1.

11. Section 17(f) 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. Applicant requests an exemption from section 17(f) and rule 17f-1(a) to the extent necessary to permit a member of the Merrill Lynch Group to act as custodian without a written contract. Applicant also requests an exemption from the rule 17f-1(b)(4) requirement that an independent accountant periodically verify the assets held by the custodian. Applicant further requests an exemption from rule 17f-1(c)'s requirement of transmitting to the Commission a copy of any contract executed pursuant to rule 17f-1. Applicant believes that because of the community of interest of all of the parties involved, compliance with these requirements would be unnecessary. Applicant states that it will comply with rule 17f-1(d), provided that ratification by the General Partner of any Partnership will be deemed to be ratification by a majority of a board of directors. Applicant states that it will comply with all other requirements of rule 17f-1.

12. 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. Applicant requests relief from rule 17g-1(d), (e) and (g) of the extent necessary to permit the General Partner's officers and directors, who may be deemed to be interested persons, to take the actions and make the determinations set forth in the rule. Applicant states that, because all the directors of the General Partner will be affiliated persons, a Partnership could not comply with rule 17g-1 without the requested relief. Applicant also states that each Partnership will comply with all other requirements of rule 17g-1.

13. Section 17(j) and paragraph (b) of rule 17j-1 make it unlawful for certain enumerated persons to engage in fraudulent or deceptive practices in connection with the purchase or 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. Applicant requests an exemption from the provisions of rule 17j-1, except for the anti-fraud provisions of paragraph (b), because they are unnecessarily burdensome

because of the community of interest among the Limited Partners.

14. Applicant requests 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 Commission and mail to their shareholders certain periodic reports and financial statements. Applicant contends that the forms prescribed by the Commission for periodic reports have little relevance to the Partnerships and would entail administrative and legal costs that outweigh any benefit to the Limited Partners. Applicant requests exemptive relief to the extent necessary to permit each Partnership to report annually to its Limited Partners. Applicant also requests also an exemption from section 30(h) to the extent necessary to exempt the General Partner of each Partnership and any other person who may be deemed to be a member 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 a Partnership. Applicant asserts that, because there will be no trading markets 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.

#### **Applicant's Conditions**

Applicant agrees that any order granting the requested relief will be subject to the following conditions:

1. Each proposed transaction involving a Partnership otherwise prohibited by section 17(a) or section 17(d) of the Act and rule 17d-1 thereunder (the "Section 17 Transactions") will be effected only if the General Partner determines that: (a) 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 reason concerned; and (b) 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 of each Partnership will record and preserve a description of all Section 17 Transactions, their findings, the information or materials upon which their findings are based and the basis therefor. All such records will be maintained for the life of the Partnerships and at least two years thereafter, and will be subject to

examination by the Commission and its staff.<sup>4</sup>

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

3. The General Partner of each Partnership will not invest the funds of the Partnership in any investment in which an "Affiliated 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 an Affiliated Co-Investor are participants, unless any such Affiliated Co-Investor, prior to disposing of all or part of its investment, (a) gives the General Partner sufficient, but not less than one day's notice of its intent to dispose of its investment, and (b) 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 Affiliated Co-Investor. The term "Affiliated Co-Investor" with respect to Partnership means (a) an "affiliated person," as such term is defined in the Act, of the Partnership (other than a Third-Party Fund or a person that is an affiliated person of the Partnership solely because of section 2(a)(3)(B) of the Act); (b) the Merrill Lynch Group; (c) an officer or director of the Merrill Lynch Group; or (d) an entity (other than a Third-Party Fund) in which a member of the Merrill Lynch Group acts as a general partner or has a similar capacity to control the sale or other disposition of the entity's securities. The restrictions contained in this condition, however, shall not be deemed to limit or prevent the disposition of an investment by an Affiliated Co-Investor: (a) To its direct or indirect wholly-owned subsidiary, to any company (a "Parent") of which the Affiliated Co-Investor is a direct or indirect wholly-owned subsidiary, or to a direct or indirect wholly-owned subsidiary of its Parent; (b) to immediate

family members of the Affiliated Co-Investor or a trust established for any Affiliated Co-Investor or any such family member; or (c) when the investment is comprised of securities that are (i) listed on any exchange registered as a national securities exchange under section 6 of the Exchange Act; (ii) national market system securities pursuant to section 11A(a)(2) of the Exchange Act and rule 11Aa2-1 thereunder, or (iii) government securities as defined in section 2(a)(16) of the Act.

4. Each Partnership and its General Partner will maintain and preserve, for the life of each such Partnership and at least two years thereafter, such accounts, books, and other documents as 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 such records will be subject to examination by the Commission and its staff.<sup>5</sup>

5. The General Partner of each Partnership will send to each Limited Partner who had an Interest in a Partnership, at any time during the fiscal year then ended, Partnership financial statements that have been audited by independent accountants. At the end of each fiscal year, the General Partners will make a valuation or have a valuation made of all of the assets of the Partnership as of such 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, within 90 days after the end of each fiscal year of each of the Partnerships or as soon as practicable thereafter, the General Partner of each Partnership shall send a report to each person who was a Limited Partner at any time during the fiscal year then ended, setting forth such tax information as shall be necessary for the preparation by the Limited Partner of his or her federal and state income tax returns and a report of the investment activities of the Partnership during that year.

6. Whenever a Partnership makes a purchase from or sale to an entity affiliated with the Partnership by reason of a 5% or more investment in such entity by a Merrill Lynch Group director, officer, or employee, such individual will not participate in the General Partner's determination of

whether or not to effect the purchase or sale.

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

**Margaret H. McFarland,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Nexen Inc. (Formerly Canadian Occidental Petroleum Ltd.), Common Shares, No Par Value) File No. 1-06702

November 15, 2000.

Nexen Inc. (formerly Canadian Occidental Petroleum Ltd.), which is organized under the laws of Canada ("Company"), has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 12d2-2(d) thereunder,<sup>2</sup> to withdraw its Common Shares, no par value ("Security"), from listing and registration on the American Stock Exchange ("Amex").

The Company has obtained a new listing for its Security on the New York Stock Exchange ("NYSE"). Trading in the Security commenced on the NYSE, and was concurrently suspended on the Amex, at the opening of business on November 14, 2000. Having obtained the new NYSE listing, the Company has determined to withdraw the Security from listing and registration on the Amex for the following reasons: (i) To avoid the additional direct and indirect costs of maintaining such listing; (ii) to prevent potential fragmentation of the market for its Security; and (iii) the Company no longer feels that the continued listing of its Security on the Amex is in its best interests.

The Company's application relates solely to the withdrawal of the Security from listing and registration on the Amex and shall have no effect upon either the Security's continued listing and registration on the NYSE or the Company's continuing obligation under Sections 12(b) and 13 of the Act<sup>3</sup> to file certain reports with the Commission.

Any interested person may, on or before December 7, 2000, submit by letter to the Secretary of the Securities

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

<sup>5</sup> Each Partnership will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

<sup>1</sup> 15 U.S.C. 781(d).

<sup>2</sup> 17 CFR 240.12d2-2(d).

<sup>3</sup> 15 U.S.C. 781(b); 15 U.S.C. 78m.