

years in an easily accessible place, a written record of each loan setting forth the number of shares loaned, the face amount of the securities lent, the fee received (or the rebate rate remitted), the identity of the Borrower, the terms of the loan, and any other information or materials upon which the finding was made that each loan made to Affiliated Broker-Dealers was fair and reasonable, and that the procedures followed in making such loan were in accordance with the other undertakings set forth in the application.

6. The total value of securities loaned to any one broker-dealer on the approved list will be in accordance with a schedule to be approved by the Board of each Affiliated Fund, but in no event will the total value of securities lent to any one Affiliated Broker-Dealer exceed 10% of the net assets of the Affiliated Fund, computed at market.

Investment of Uninvested Cash and Cash Collateral

7. The Affiliated Funds, New Fund, and any future Affiliated Fund that relies on the order will be advised by PaineWebber, Mitchell Hutchins, or any entity controlling, controlled by, or under common control with, PaineWebber or Mitchell Hutchins.

8. A majority of the Board of an Affiliated Fund (including a majority of the Disinterested Directors), will initially and at least annually thereafter determine that investing Uninvested Cash and Cash Collateral in Shares of New Fund is in the best interests of the shareholders of the Affiliated Fund.

9. With respect to any Affiliated Fund that invests in Shares of New Fund, PaineWebber or Mitchell Hutchins will reduce its advisory fee charged to the Affiliated Fund in an amount (the "Reduction Amount") equal to the net asset value of the Affiliated Fund's holdings in New Fund multiplied by the rate at which advisory fees are charged by Mitchell Hutchins to New Fund. Any fees remitted or waived pursuant to this condition will not be subject to recoupment by PaineWebber or Mitchell Hutchins or their affiliates at a later date.

10. Investment in Shares of New Fund by an Affiliated or Other Fund will be consistent with the Affiliated or Other Fund's investment objectives and policies.

11. An Affiliated or Other Fund's Uninvested Cash and Cash Collateral will be invested in a particular investment series of the New Fund only if that investment series invests in the types of instruments that the Affiliated or Other Fund has authorized for the

investment of its Uninvested Cash and Cash Collateral.

12. Each investment series of the New Fund that uses the amortized cost method of valuation as defined in rule 2a-7 under the Act will comply with rule 2a-7. With respect to such series, Mitchell Hutchins will adopt and monitor the procedures described in rule 2a-7(c)(6) under the Act and will take such other actions as are required to be taken pursuant to such procedures. An Affiliated or Other Fund may only purchase Shares of an investment series of the New Fund using the amortized cost method of valuation if Mitchell Hutchins determines on an ongoing basis that the investment series is in compliance with rule 2a-7. Mitchell Hutchins will preserve for a period not less than six years from the date of determination, the first two years in an easily accessible place, a record of such determination and the basis upon which the determination was made. This record will be subject to examination by the Commission and the staff.

13. An Affiliated or Other Fund that complies with rule 2a-7 under the Act will not invest its Cash Collateral or Uninvested Cash in an investment series of the New Fund that does not comply with the requirements of rule 2a-7.

14. The securities lending program of each Affiliated and Other Fund will comply with all present and future applicable Commission staff positions regarding securities lending arrangements.

15. Each Affiliated or Other Fund will invest Uninvested Cash in, and hold Shares of, the New Fund only to the extent that the Affiliated or Other Fund's aggregate investment of Uninvested Cash in Shares of the New Fund does not exceed 25% of the Affiliated or Other Fund's total assets.

Operation of the New Fund

16. The New Fund will comply as to each investment series with the requirements of sections 17 (a), (d), and (e), and 18 of the Act as if the New Fund were a registered open-end investment company. With respect to all redemption requests made by an Affiliated or Other Fund, the New Fund will comply with section 22(e) of the Act. Mitchell Hutchins will, subject to approval by the Trustee, adopt procedures designed to ensure that the New Fund complies with sections 17 (a), (d), and (e), 18, and 22(e) of the Act. Mitchell Hutchins will also periodically review and periodically update as appropriate the procedures and will maintain books and records describing the procedures, and maintain the records required by rules 31a-1(b)(1),

31a-1(b)(2)(ii), and 31a-1(b)(9) under the Act. All books and records required to be made pursuant to this condition will be maintained and preserved for a period of not less than six years from the end of the fiscal year in which any transaction occurred, the first two years in an easily accessible place, and will be subject to examination by the Commission and the staff.

17. The net asset value per share with respect to Shares of the New Fund will be determined separately for each investment series by dividing the value of the assets belonging to that investment series, less the liabilities of that investment series, by the number of Shares outstanding with respect to that investment series.

18. The Shares of the New Fund will not be subject to a sales load, redemption fee, asset-based sales charge, or service fee (as defined in rule 2830(b)(9) of the Conduct Rules of the National Association of Securities Dealers).

19. Each Affiliated or Other Fund will purchase and redeem Shares of the New Fund as of the same time and at the same price, and will receive dividends and bear its proportionate share of expenses on the same basis, as other shareholders of the New Fund. A separate account will be established in the shareholder records of the New Fund for the account of each Affiliated or Other Fund.

20. The New Fund will not acquire securities of any investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-17473 Filed 6-30-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [63 FR 34949, June 26, 1998].

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, N.W., Washington, D.C.

DATE PREVIOUSLY ANNOUNCED: June 26, 1998.

CHANGE IN THE MEETING: Time Change.

The time for the closed meeting scheduled for Wednesday, July 1, 1998, at 2:30 p.m., has been changed to 11:00 a.m.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary (202) 942-7070.

Dated: June 29, 1998.

Jonathan G. Katz,

Secretary.

[FR Doc. 98-17711 Filed 6-29-98; 3:56 pm]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40119; File No. SR-DTC-98-7]

June 24, 1998.

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Adding a New Service Providing Pre-Issuance Messaging of Money Market Instruments Trade Details to Issuing and Paying Agents and Dealers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on April 22, 1998, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-DTC-98-7) as described in Items I, II, and III below, which items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change will approve DTC's providing Pre-Issuance Messaging ("PIM") of money market instruments ("MMIs") trade details to issuing and paying agents ("IPAs") and dealers.

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

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared

summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

DTC's proposed rule change seeks to provide a less expensive and more efficient mechanism for IPAs and dealers to communicate securities information, specifically PIM instructions, related to the issuance of MMI. Although the PIM service is being designed to accommodate all types of MMIs, it is anticipated that initially the PIM service will be utilized only for commercial paper ("CP").

According to DTC, the service will enable dealers and IPAs to communicate issuance instructions to one another prior to the IPAs' issuing CP by book-entry through DTC or through physical certificates outside DTC.

Background

DTC began operation of its CP program in October 1990 and handles almost all CP issuances done in the United States today. The CP program is designed to allow for the electronic issuance done in the United States today. The CP program is designed for the electronic issuance of CP in book-entry-only form. The transmission of issuance instructions for IPAs to DTC for dealer-placed CP is central to the CP program. Typically, between four and five messages are transmitted among IPAs and dealers prior to each issuance of CP. Currently, these messages are transmitted via dedicated links between a dealer and individual IPA. Thus, dealers interacting with more than one IPA must create and maintain multiple communications links. Typically, dealers maintain seven or more separate links with IPAs.

As a result of the recommendation by dealer participant that DTC investigate offering a pre-issuance messaging service, a working group of dealers and IPA was formed in June of 1996 under the auspices of the The Bond Market Association's Money Market Task Force. DTC has worked closely with the Task Force on the development of the CP program and again drew on its expertise for the PIM project.

Proposed Rule Change

Under the proposed rule change, IPAs and dealers could send PIM instructions to each other by using DTC as a conduit or central switch for the messages. PIM

instructions would be sent electronically to DTC. DTC would not perform any processing on the instructions but would instead automatically route them to the recipient indicated in the sender's instructions.

PIM employs several levels of system security in addition to allowing IPAs and dealers to utilize their own password security per message if they wish. As each message sent requires an acknowledgment from the receiving party, it is unlikely that messages will be lost. Should a message be undeliverable for some reason, DTC will issue a notice to the message originator indicating the message could not be delivered. The originator will then have to reissue a new message. DTC will charge the sending party \$.04 per message. There will be no charge to the message receiver. Each user of the PIM Service will enter into a PIM agreement with DTC.

DTC believes that the proposed rule change is consistent with the requirements of Sections 17A(b)(3)(A) of the Act and the rules and regulations thereunder because it encourages an efficient means of communicating among dealers and IPAs in connection with the issuance of MMIs.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, in the public interest, and for the protection of investors.

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

Written comments on the proposed rule change have not been solicited or received on the proposed rule change.

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

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

- (A) By order approved such proposed rule change or
- (B) Institute proceedings to determine whether the proposed rule change should be disapproved.

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by DTC.