42609). The revision dated March 6, 1997; the proposal for the same changes to be made to the Improved Standard TS format dated April 11, 1997; and the supplemental information dated May 13 and August 20, 1997, and March 13, 1998, did not affect the staff's original finding of no significant hazards consideration determination.

The Commission's related evaluation of the amendment is contained in a Safety Evaluation dated September 3, 1998.

No significant hazards consideration comments received: No.

Local Public Document Room location: Athens Public Library, South Street, Athens, Alabama 35611.

Tennessee Valley Authority, Docket Nos. 50–327 and 50–328, Sequoyah Nuclear Plant, Units 1 and 2. Hamilton County, Tennessee

Date of application for amendments: February 13, 1998 (TS 97–04).

Brief description of amendments: The amendments change the Technical Specifications (TS) by relocating the snubber requirements from Section 3.7.9 of the TS, and its bases, to the Sequoyah Nuclear Plant Technical Requirements Manual. This change does not alter the requirements for operability or surveillance testing of the snubbers. This amendment also deletes License Condition 2.C.(19), for Unit 1 only. This condition is a one-time snubber-related action that was completed and no longer needs to be included in the SQN Operating License.

Date of issuance: August 28, 1998.

Effective date: As of the date of issuance to be implemented no later than 45 days after issuance.

Amendment Nos.: Unit 1–235 ; Unit 2–225.

Facility Operating License Nos. DPR–77 and DPR–79: Amendments revise the TS.

Date of initial notice in **Federal Register**: April 8, 1998 (63 FR 17235).

The Commission's related evaluation of the amendment is contained in a Safety Evaluation dated August 28, 1998.

No significant hazards consideration comments received: No.

Local Public Document Room location: Chattanooga-Hamilton County Library, 1101 Broad Street, Chattanooga, Tennessee 37402

Toledo Edison Company, Centerior Service Company, and The Cleveland Electric Illuminating Company, Docket No. 50–346, Davis-Besse Nuclear Power Station, Unit 1, Ottawa County, Ohio

Date of application for amendment: December 23, 1997.

Brief description of amendment: This amendment revised Technical Specification (TS) Section 4.4.5, ''Reactor Coolant System—Steam Generators—Surveillance Requirements (SRs).'' SR 4.4.5.8 was modified to provide flexibility in the scheduling of steam generator inspections during refueling outages.

Date of issuance: September 2, 1998.

Effective date: September 2, 1998.

Amendment No.: 226.

Facility Operating License No. NPF–3: Amendment revised the Technical Specifications.

Date of initial notice in **Federal Register**: January 28, 1998 (63 FR 4327).

The Commission's related evaluation of the amendment is contained in a Safety Evaluation dated September 2, 1998.

No significant hazards consideration comments received: No.

Local Public Document Room location: University of Toledo, William Carlson Library, Government Documents Collection, 2801 West Bancroft Avenue, Toledo, OH 43606.

Vermont Yankee Nuclear Power Corporation, Docket No. 50–271, Vermont Yankee Nuclear Power Station, Vernon, Vermont

Date of application for amendment: June 30, 1998.

Brief description of amendment: The licensee proposes to delete the calibration requirements for emergency core cooling actuation instrumentation—core spray (CS) subsystem and low pressure coolant injection (LPCI) system auxiliary power monitor since the relays operate from a switched input and functional testing is sufficient to demonstrate the relay pickup/dropout capability.

Date of Issuance: September 1, 1998.

Effective date: September 1, 1998, to be implemented within 30 days.

Amendment No.: 162.

Facility Operating License No. DPR–28. Amendment revised the Technical Specifications.

Date of initial notice in **Federal Register**: July 29, 1998 (63 FR 40563).

The Commission's related evaluation of this amendment is contained in a Safety Evaluation dated September 1, 1998.

No significant hazards consideration comments received: No.

Local Public Document Room location: Brooks Memorial Library, 224 Main Street, Brattleboro, VT 05301.

Dated at Rockville, Maryland, this 17th day of September 1998.

For The Nuclear Regulatory Commission.

Elinor G. Adensam,

Acting Director, Division of Reactor Projects—III/IV, Office of Nuclear Reactor Regulation.

[FR Doc. 98–25281 Filed 9–22–98; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–23439; 812–10976]

The Austria Fund, Inc., The Spain Fund, Inc., and Alliance Capital Management L.P.; Notice of Application

September 17, 1998.

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

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

SUMMARY OF APPLICATION: Applicants request an order under section 6(c) of the Act granting an exemption from section 19(b) of the Act and rule 19b–1 under the Act to permit certain registered closed-end investment companies to make periodic distributions of long-term capital gains in any one taxable year pursuant to a distribution policy with respect to common stock.

APPLICANTS: The Austria Fund, Inc. (''Austria Fund''), The Spain Fund, Inc. (''Spain Fund''), and Alliance Capital Management L.P. (''Alliance'') on behalf of each other existing and each future closed-end management investment company that is advised by Alliance or by an entity controlling, controlled by or under common control with Alliance (collectively, the ''Funds'').

FILING DATE: The application was filed on January 20, 1998 and amended on September 16, 1998.

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 October 13, 1998, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, 1345 Avenue of the Americas, New York, New York 10105.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Attorney-Adviser, at (202) 942–0574, or Edward P. Macdonald, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 5th Street, NW., Washington, DC 20549 (tel. 202–942–8090).

Applicants' Representations

1. Austria Fund and Spain Fund (the ''Foreign Funds'') are closed-end investment companies registered under the Act and organized as Maryland corporations. Alliance, a Delaware limited partnership and an investment adviser registered under the Investment Advisers Act of 1940, is the investment adviser to the Foreign Funds. Austria Fund's and Spain Fund's investment objectives are to seek long-term capital appreciation by investing primarily in equity securities of Austrian companies and Spanish companies, respectively. Common shares of the Foreign Funds are listed on the New York Stock Exchange, and currently trade at a discount from net asset value.

2. Each of the Foreign Funds has adopted a distribution policy with respect to its common stock under which the Fund will make quarterly distributions to its shareholders in an amount equal to 2.5% of the Fund's net asset value, determined as of the beginning of the quarter, for each of the first three calendar quarters of each year (''Distribution Policy''). Each Foreign Fund's fourth calendar quarter distribution for each year will be equal to 2.5% of each Foreign Fund's net asset value determined as of the beginning of that quarter. Each Fund's Distribution Policy may in the future provide for as many as twelve monthly distributions per year equal to a fixed percentage of the Fund's net asset value.

3. If, with respect to any fixed distribution by any Fund under its Distribution Policy, the Fund's net investment income and net realized short-term capital gains are less than the amount of the distribution, the difference would be treated as having been distributed from net realized long-term capital gains, and if the amount of net realized long-term capital gains is not sufficient, from other Fund assets as a return of capital. Each Fund's final distribution for each calendar year will include any remaining net investment income and net realized short-term capital gains deemed, for federal income tax purposes, undistributed during the year, as well as any net long-term capital gains realized during the year.

4. Applicants request an order to permit each Fund to make periodic distributions of long-term capital gains in any one taxable year, so long as each Fund maintains in effect a distribution policy with respect to its common stock calling for a fixed number of distributions of a fixed percentage of each Fund's net asset value.

Applicant's Legal Analysis

1. Section 19(b) of the Act provides that a registered investment company may not, in contravention of such rules, regulations, or orders as the SEC may prescribe, distribute long-term capital gains more often than once every twelve months. Rule 19b–1(a) permits a registered investment company, with respect to any one taxable year, to make one capital gains distribution, as defined in section 852(b)(3)(C) of the Internal Revenue Code of 1986, as amended (the ''Code''). Rule 19b–1(a) also permits a supplemental distribution to be made pursuant to section 855 of the Code not exceeding 10% of the total amount distributed for the year. Rule 19b–1(f) permits one additional long-term capital gains distribution to be made to avoid the excise tax under section 4982 of the Code.

2. Applicants assert that the limitation on the number of net long-term capital gains distributions in rule 19b–1 under the Act prohibits applicants from including available net long-term capital gains in certain of its fixed distributions. As a result, applicants must fund these fixed distributions with returns of capital (to the extent net investment income and realized short-term capital gains are insufficient to cover a fixed distribution). Applicants further assert that, in order to distribute all of its long-term capital gains within the limits on the number of long-term capital gains distributions in rule 19b–1, applicants may be required to make certain of its fixed distributions in excess of the fixed percentage called for by their Distribution Policy.

3. Applicants believe that the concerns underlying section 19(b) and rule 19b–1 are not present in applicants' situation. Applicants note that one of these concerns is that shareholders might not be able to distinguish frequent distributions of capital gains and dividends from investment income. Applicants state that each Fund's Distribution Policy will be described in each Fund's communications to its shareholders, including each Fund's annual reports. In addition, applicants state that the Funds will send information statements that comply with rule 19a–1 under the Act to their shareholders. Applicants also state that a statement showing the amount and source of distributions received during the year is included with each Fund's IRS Form 1099–DIVA reports of distributions for that year sent to each Fund's shareholders who received distributions during the year (including shareholders who sold shares during the year).

4. Applicants note that another concern underlying section 19(b) and rule 19b–1 is that frequent capital gains distributions could facilitate improper sales practices, including in particular, the practice of urging an investor to purchase fund shares on the basis of an upcoming distribution (''selling the dividend''), when the distribution would result in an immediate corresponding reduction in a Fund's net asset value and would be, in effect, a return of the investor's capital. Applicants believe that this concern does not apply to closed-end investment companies, such as the Funds, that do not continuously distribute shares. Applicants state that the condition to the requested relief would further assure that the concern about selling the dividend would not arise in connection with a rights offering by a Fund.

5. Applicants further state that any transferable rights offering by a Fund will comply with all relevant SEC and staff guidelines. In making the findings required by these guidelines, a Fund's board of directors will consider, among other things, the brokerage commissions and compensation to be paid to underwriters and dealers in connection with the offering. Applicants also state that any Fund conducting a rights offering will include a representation in the underwriting agreement requiring the underwriter to comply with the provisions of the National Association of Securities Dealers, Inc. rules governing the fairness of compensation and that an underwriter will take steps to ensure that any dealers participating in the offering comply with the provisions of those rules.

6. Applicants state that increased administrative costs also are a concern underlying section 19(b) and rule 19b–1. Applicants assert that this concern is not present because it will continue to make fixed distributions regardless of whether capital gains are included in any particular distribution.

7. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provisions of the Act, if and to the extent such 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. For the reasons stated above, applicants believe that the requested exemption meets the standards set forth in section 6(c) of the Act and would be in the best interests of the Funds and their shareholders.

Applicants' Condition

Applicants agree that the order granting the requested relief shall terminate with respect to a Fund upon the effective date of a registration statement under the Securities Act of 1933 for any future public offering by a Fund of its shares other than: (1) a rights offering to shareholders of the Fund, provided that (a) if the rights are exercisable between the date a dividend to the Fund's shareholders is declared and the record date of the dividend, each offeree is provided prominent disclosure of the tax effect if the offeree exercises the rights and a portion of the dividend consists of long-term capital gains, and (b) the Fund has not engaged in more than one rights offering during any given calendar year; and (2) an offering in connection with a merger, consolidation, acquisition, or reorganization of a Fund; unless applicants have received from the staff of the Commission written assurance that the order will remain in effect.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 98–25369 Filed 9–22–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40445; International Series Release No. 1157; File No. SR–DTC––98–19]

Self-Regulatory Organizations; The Depository Trust Company; Notice of a Proposed Rule Change Relating to the Enhancement of the Current Link With Deutsche Borse Clearing AG

September 16, 1998.

Pursant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'''),[1] notice is hereby given that on September 15, 1998, The Depository Trust Company (''DTC'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change 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

Under the proposed rule change, DTC will open a free of payment omnibus account at Deutsche Borse Clearing AG (''DBC''), which currently has a participant account at DTC, in order to create a two-way interface between DTC and DBC.

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

The purpose of the proposed rule change is to facilitate the efficient processing of cross-border securities transactions between participants of DTC and DBC. Under the proposed rule change, DTC will open an omnibus account at DBC in order to create a two-way interface between DBC and DTC. This will enable efficient inventory positioning by participants of DTC and DBC that is needed to settle securities transactions at either DTC or DBC.[3] The two-way interface would allow, but would not require, DTC positions in DBC-eligible issues to be held in DTC's account at DBC.

Under the existing link between DTC and DBC, DBC has an omnibus account at DTC which enables DBC to effect book-entry transactions with other DTC participants. The current link allows DBC and its participants to use the custody, book-entry, and delivery services of DTC for transactions involving securities eligible in both systems. The current link allows a DTC participant to settle, on a free of payment basis, a cross-border transaction with a DBC counterparty by making a book-entry delivery from its participant account at DTC to the DBC omnibus account at DTC and by identifying the DBC participant account to which the delivered securities should be credited. However, the current link limits book-entry deliveries from a DBC participant to a DTC counterparty by requiring that the securities be physically held at DTC. A DBC participant is therefore not able to deliver by book-entry means positions held in its account at DBC.

DTC anticipates that once German ordinary shares are made DTC-eligible, the existing link between DTC and DBC will be inadequate. A DBC participant attempting to deliver such shares in settlement of a trade with a DTC counterparty may have sufficient position in its account at DBC, but unless DBC has sufficient position in its account at DTC, settlement could not occur through the existing link. The DBC participant would be required to physically withdraw the securities from DBC in order to make a physical deposit at DTC. Unless participants of DTC and DBC are able to interconnect their respective inventories at the two depositories via book-entry movements, same-day delivery of securities may not be possible. As a result, a participant may incur certain expenses associated with its failure to deliver. Additionally, the costs and risks associated with physically withdrawing and transporting certificates for purposes of redepositing them at DTC, which involves reregistration and forwarding of certificates to the U.S., can be significant.

The proposed enhancement (*i.e.*, opening a DTC free of payment omnibus account at DBC and thereby creating a two-way interface) would substitute book-entry movements for physical movement of securities when west-bound movements of securities occur between DBC and DTC and would eliminate costs and risks associated with physical movement. A DBC participant would be able to settle, on a free of payment basis, a cross-border

---

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

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

[3] Currently, the only DTC-eligible German issues are in the form of American Depositary Receipts or Global Depositary Receipts. However, DTC anticipates that the securities of DaimlerChrysler AG, the successor company formed by the proposed merger of Daimler-Benz Aktiengesellschaft and Chrysler Corporation, will be made DTC-eligible prior to November 1998.