

**ADDRESSES:** Secretary, SEC, 450 5th Street, NW, Washington, DC 20549. Applicant, 4900 Sears Tower, Chicago, Illinois 60606.

**FOR FURTHER INFORMATION CONTACT:** James M. Curtis, Senior Counsel, at (202) 942-0563, or Robert A. Robertson, Branch Chief, (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

#### **Applicant's Representations**

1. Applicant is an open-end management investment company that was organized as a Massachusetts business trust. On October 17, 1989, applicant filed a notice of registration on Form N-8A pursuant to section 8(a) of the Act. Also on October 17, 1989, applicant filed a registration statement under section 8(b) of the Act and under the Securities Act of 1933 on Form N-1A to register an indefinite number of shares. Applicant's registration statement was declared effective on February 28, 1990, and applicant commenced its initial public offering shortly thereafter.

2. On October 25, 1994, the board of trustees of applicant and the board of trustees of Goldman Sachs Money Market Trust (the "Acquiring Fund"), respectively, approved an Agreement and Plan of Reorganization (the "Reorganization") providing for the transfer of all the assets of each series of the applicant, the Prime Obligations Fund, the Government Fund, the Treasury Obligations Fund, the Money Market Fund, and the Tax-Free Money Market Fund, to newly-created corresponding series of the Acquiring Fund in exchange for units of beneficial interest of each such series of the Acquiring Fund. In accordance with rule 17a-8 under the Act, the board of trustees of applicant, including the trustees who are not interested persons, and the board of trustees of the Acquiring Fund, including the trustees who are not interested persons, concluded that the Reorganization would be in the best interests of their respective investment companies and that the interests of their respective shareholders or unitholders would not be diluted as a result.

3. The proxy statement was filed with the SEC, and such proxy statement was distributed to applicant's shareholders on November 17, 1994. At a special meeting of shareholders held on December 16, 1994, the shareholders of applicant approved the Reorganization.

4. As of December 28, 1994, applicant had outstanding 5,976,415,234 shares having an aggregate net asset value of \$5,976,415,234. On December 28, 1994, pursuant to the Reorganization, applicant transferred all the assets of each of its series to the corresponding series of the Acquiring Fund. Immediately thereafter, applicant liquidated and distributed *pro rata* to the shareholders of each of its series the units of beneficial interest that it received of each corresponding series of the Acquiring Fund. Each shareholder of each series of applicant received units of the corresponding series of the Acquiring Fund having an aggregate net asset value equal to the aggregate net asset value of his or her investment in applicant. No brokerage commissions were incurred in connection with the Reorganization.

5. Goldman Sachs Asset Management, the adviser of both applicant and the Acquiring Fund, assumed all expenses relating to Reorganization.

6. Applicant has no security holders, assets, debts, or other liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not engaged and does not propose to engage in any business activity other than those necessary for the winding up of its affairs.

7. Applicant intends to file a document on or about August 1, 1995 with the Office of the Secretary of State of the Commonwealth of Massachusetts to effect the termination of applicant as a Massachusetts business trust.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-17858 Filed 7-19-95; 8:45 am]

**BILLING CODE 8010-01-M**

[Rel. No. IC-21203; 812-9118]

#### **SunAmerica Series Trust, et al.; Notice of Application**

July 14, 1995.

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

**ACTION:** Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** SunAmerica Series Trust, Anchor Series Trust, SunAmerica Equity Funds, SunAmerica Income Funds, and SunAmerica Money Market Funds, Inc.

**RELEVANT ACT SECTIONS:** Conditional order requested under section 6(c) granting an exemption from section 17(e) and rule 17e-1.

**SUMMARY OF APPLICATION:** Applicants seek an exemption to permit each "Fund," as defined below, to use certain affiliated persons of affiliated persons ("second-tier affiliates") of the Fund as brokers in connection with certain principal transactions, and to pay commission, fees, or other remuneration to such brokers without complying with the monitoring and recordkeeping requirements set forth in rule 17e-1. Each broker would be a second-tier affiliate of the Fund solely by reason of subadvisory relationships with other Funds.

**FILING DATES:** The application was filed on July 13, 1994, and amended on February 8, 1995, April 24, 1995, and July 12, 1995.

**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 August 8, 1995, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested.

Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 733 Third Avenue, New York, New York 10017.

**FOR FURTHER INFORMATION CONTACT:** James J. Dwyer, Staff Attorney, at (202) 942-0581, or C. David Messman, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

#### **Applicants' Representations**

1. Applicants are Massachusetts business trusts or Maryland corporations and are registered under the Act as open-end management investment companies. Applicants offer securities in one or more series. A "Fund" is a present or future portfolio of applicants or of any other registered investment company that in the future (a) is in the same "group of investment companies," as defined in rule 11a-3, and (b) either (i) is advised by SunAmerica Asset Management Corp.

("SAAMCo") or an entity controlling, controlled by, or under common control with SAAMCo, or (ii) has its shares distributed by SunAmerica Capital Services, Inc. ("SACS") or an entity controlling, controlled by, or under common control with SACS. SAAMCo serves as investment adviser of each Fund.

2. Shares of SunAmerica Series Trust are not offered directly to the public but rather are issued and redeemed only in connection with investments in and payments under certain variable annuity contracts issued by Anchor National Life Insurance Company ("Anchor National"), a California stock life insurance company and a wholly-owned subsidiary of Sun Life Insurance Company. The following serve as subadvisers of the series of SunAmerica Series Trust: Alliance Capital Management L.P., Goldman Sachs Asset Management ("GSAM"), Goldman Sachs Asset Management International ("GSAM International"), Phoenix Investment Counsel, Inc., Provident Investment Counsel, Morgan Stanley Asset Management, Inc., and Selected/Venture Advisers, L.P.

3. Shares of Anchor Series Trust also are not offered directly to the public but rather are issued and redeemed only in connection with investments in and payments under certain variable annuity contracts issued by Anchor National, Phoenix Home Life Mutual Insurance Company, First SunAmerica Life Insurance Company, and Presidential Life Insurance Company. Wellington Management Company serves as subadviser to all of the series of Anchor Series Trust.

4. Shares of the other applicants are offered to the public on a continuous basis through SACS, an indirect wholly-owned subsidiary of Anchor National and an affiliated person of SAAMCo. GSAM International, AIG Asset Management, Inc., and SAAMCo serve as subadviser to distinct components of SunAmerica Global Balances Fund, a series of SunAmerica Equity Funds.

5. Applicants request an exemption that would permit each Fund to use an "Eligible Broker," as defined below, as broker in connection with the sale of securities to or by such Fund on a securities exchange. An Eligible Broker is a subadviser of one or more Funds that are not parties to the transactions, conducts advisory and brokerage operations through the same legal entity, and is a second-tier affiliate of the Fund engaging in the transaction solely because it subadvises one or more other Funds. An Eligible broker is not an affiliated person of the Fund engaging in the transactions, or a

second-tier affiliate of the Fund engaging in the transactions other than by reason of subadvising one or more of the other Funds. The requested relief would permit the Fund engaging in the transaction to pay commissions, fees, or other remuneration to the Eligible Broker without complying with the requirements set forth in rules 17e-1(b)(3) and 17e-1(c).

6. GSAM, a subadviser to one or more of the Funds, is a separate operating division of Goldman Sachs & Co. ("Goldman Sachs"), a general partnership that is a registered broker-dealer. Thus, GSAM is not a separate legal entity from the brokerage operations of Goldman Sachs. As the only subadviser that conducts advisory and brokerage operations through the same legal entity, Goldman Sachs is currently the only entity that satisfies the definition of an Eligible Broker.

#### Applicants' Legal Analysis

1. Section 17(e)(2)(A) provides in relevant part that it shall be unlawful for any affiliated person of a registered investment company, or an affiliated person of such a person, acting as broker in connection with the sale of securities to or by such company, to receive from any source a commission, fee, or other remuneration for effecting such transaction which exceeds the usual and customary broker's commission if the sale is effected on a securities exchange.

2. Section 2(a)(3) defines "affiliated person" of another person as including a person controlling, controlled by, or under common control with such other person, and when such other person is an investment company, the investment adviser thereof. Applicants assert that the Funds may be affiliated persons of each other by reason of being under the common control of SAAMCo. A subadviser is an affiliated person of the Fund or Funds that it subadvises, and a second-tier affiliate of each other Fund. When such a subadviser conducts brokerage operations via the same legal entity, the brokerage component also is a second-tier affiliate of the Funds not subadvised by the subadviser.

Consequently, transactions involving a Fund that are brokered by an Eligible Broker are subject to section 17(e)(2).

3. Rule 17e-1 provides that, for purposes of section 17(e)(2)(A), a commission, fee, or other remuneration shall be deemed as not exceeding the usual and customary broker's commission, if certain specified procedures are followed. These procedures include the requirement in rule 17e-1(b)(3) that a registered investment company's board of directors, including a majority of

disinterested directors, determines, no less frequently than quarterly, that all transactions effected pursuant to the rule comply with procedures reasonably designed to provide that the brokerage commission is consistent with the standards set forth in the rule. The procedures also include the requirement in rule 17e-1(c) that the investment company maintain and preserve certain written records about each transaction effected pursuant to the rule.

4. Applicants submit that section 17(e) was designed to address the concern raised in section 1(b)(2), where Congress determined that the national public interest and the interests of investors are adversely affected when investment companies are organized, operated, managed, or their portfolio securities are selected, in the interest of brokers. Applicants further submit that Congress in fashioning section 17(e)(2) intended that a broker affiliated with an investment company receive only the ordinary stock exchange brokerage commission, and that Congress sought to eliminate any risk of self-dealing.

5. Applicants assert that the contemplated transactions raise no possibility of self-dealing or any concern that the Funds would be managed in the interest of the Eligible Brokers. A subadviser who recommends that an Eligible Broker act as broker to a particular transaction would neither lose nor gain financially on the basis of whether or not the transaction benefits the Eligible Broker, because the subadviser's only pecuniary interest in the transaction is its advisory fee, which is based on net assets under management. In addition, a subadviser has a fiduciary obligation to execute securities transactions for the Fund in such a manner that the Fund's total cost or proceeds in each transaction is the most favorable under the circumstances. Accordingly, the subadviser would have no interest in benefitting Goldman Sachs or any future Eligible Broker at the expense of the Funds or Funds it subadvises.

6. Applicants submit that under the circumstances the monitoring and recordkeeping provisions of rule 17e-1 would be unduly burdensome to the Funds if each subadviser must monitor brokerage transactions with a broker-dealer that has no affiliation with such subadviser. They further submit that Funds might elect not to select Goldman Sachs as broker in order to avoid the rule's requirements. Applicants believe that the situations contemplated by the relief are similar to the arms-length bargaining that normally prevails when an investment adviser acts on behalf of an investment company, and that it

would not be imprudent to trust the subadviser's judgment in these situations.

7. Section 6(c) 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 or of any rule thereunder, if and to the extent that 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. Applicants believe that the proposed transactions meet these standards.

#### Applicants' Condition

Applicants agree that the requested order is subject to the condition that, with respect to any brokerage transactions conducted in reliance on the requested order, Applicants will comply with all of the provisions of rule 17e-1 except those of rule 17e-1 (b)(3) and (c).

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-17859 Filed 7-19-95; 8:45 am]

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[Release No. 34-35972; File No. 10-101]

#### Self-Regulatory Organizations; Notice of Filing of Amendment No. 2 to Application for Registration as a National Securities Exchange by the United States Stock Exchange, Inc.

July 14, 1995.

Pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(a), notice is hereby given that on May 23, 1995, the United States Stock Exchange, Inc. ("USSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") Amendment No. 2 to its Application for Registration as a national securities exchange.<sup>1</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

Amendment No. 2 makes changes to the proposed rules for the USSE. First, the amendment changes the definition of "Preferred Public Agency Order" to state that the USSE's electronic system (the "System") would automatically match a dealer with a public agency order transmitted by the

dealer to the System unless the dealer matches the order with another public agency order before transmitting the order to the System or there is a public agency order on the USSE electronic book that would be matched with the order. Previously, the rule indicated that the dealer would enter a contra-side order for its own account for the purpose of trading with a preferred public agency order.

Second, the amendment clarifies that the System does not enter "Auto-Quotes" for individual dealers. Rather, if there were no dealer bids or offers for a security at a particular time, the System would disseminate an Auto-Quote for that security to the national market system. An Auto-Quote is defined in the USSE Rules as a quote by the System programmed to calculate a price equal to one minimum variation away from the Intermarket Trading System best bid or offer and programmed to be a size equal to 100 shares. The amendment also states that the obligation to honor an Auto-Quote would rotate among dealers on a trade-by-trade basis.

Finally, the amendment clarifies that the minimum size obligation for USSE dealers only would be satisfied by quotations entered into the System as principal. Under certain circumstances, therefore, the proposed USSE rules would require that dealers quote as principal for at least 500 shares in addition to any orders that they might be representing as agent in the USSE System.

You are invited to submit written data, view and arguments concerning Amendment No. 2 to the USSE's Application for Registration with thirty days of the date of publication of this notice in the **Federal Register**. Such written data, views and arguments will be considered by the Commission in granting registration or instituting proceedings to determine whether registration should be denied. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Reference should be made to File No. 10-101.

The USSE's submission explains the operation of the proposed Exchange in more detail. Copies of the submission, all subsequent amendments, all written statements with respect to the application that are filed with the Commission, and all written communications relating to the application between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5

U.S.C. 552, will be available for inspection at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-17857 Filed 7-19-95; 8:45 am]

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#### SMALL BUSINESS ADMINISTRATION

[License Number 01/71-0360]

#### Zero Stage Capital V, Limited Partnership; Application for a Small Business Investment Company to Admit An Additional Investor as a Limited Partner

Under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended (Act) (15 U.S.C. 661, et seq.), Zero Stage Capital V, Limited Partnership ("the Licensee"), at 101 Main Street, Cambridge, Massachusetts 02142, has filed with the Small Business Administration ("the SBA") pursuant to 13 C.F.R. 107.102 (1995) an amendment to its license application.

It is proposed that the Licensee will admit a new private limited partner, STV, Ltd. ("STV"). STV proposes to invest \$10.0 million. The admission of STV would increase the Licensee's private capital from \$12.7 million to approximately \$23 million.

STV is a newly established foreign entity. According to the Licensee, STV's major initial limited partner investor is the Husain Group, a family owned company in Saudi Arabia. The Husain Group of companies has been in the electronics business for 31 years. It has three U.S. subsidiaries and three in Saudi Arabia. Mr. Ishtiaq Husain is the founder of the Husain Group. In addition to Mr. Husain, the other key people in the Husain Group are all family members. They are as follows: Shaheen Husain, Tarig Husain, Khalid Husain, Yasmein Husain and Javed Husain. Ms. Shaheen Husain is the Managing Director of STV. She is also the Director of New Ventures of the Husain Group and President of Advanced American Electronics, Inc. which has its principal office in Cambridge, Massachusetts.

The execution of the Licensee's above proposal will not cause a change in the Licensee's management or operations. Zero Stage Capital Company, Inc. ("ZSCC"), the Licensee's General Partner, will continue to serve as the Licensee's Investment Advisor and none

<sup>1</sup> The Application for Registration and Amendment No. 1 thereto were published in Securities Exchange Act Release No. 35709 (May 5, 1995), 60 FR 26752 (May 8, 1995).