October 24, 1996 Deadline for motions by any party requesting oral argument. The Commission will schedule oral argument only when it is a necessary addition to the written filings [*see* 39 CFR 3001.116]

December 6, 1996 Expiration of the Commission's 120-day decisional schedule [*see* 39 U.S.C. 404(b)(5)]

[FR Doc. 96–21014 Filed 8–16–96; 8:45 am]

BILLING CODE 7710–FW–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22138; 812–10196]

Benham California Tax-Free Trust, et al.; Notice of Application

August 13, 1996.

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

ACTION: Notice of Application for Exemption Under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Benham California Tax-Free Trust; Benham Equity Funds; Benham Financial Services, Inc. (''BFS''); Benham Government Income Trust; Benham International Funds; Benham Investment Trust; Benham Management Corporation (''BMC''); Benham Manager Funds; Benham Municipal Trust; Benham Target Maturities Trust; Capital Preservation Fund, Inc.; Capital Preservation Fund II, Inc.; all future investment companies for which BMC acts as investment adviser and all existing and future series of the foregoing investment companies (the ''Benham Funds''); Investors Research Corporation (''IRC''); TCI Portfolios, Inc.; Twentieth Century Capital Portfolios, Inc.; Twentieth Century Investors, Inc.; Twentieth Century Premium Reserves Inc.; Twentieth Century Services, Inc. (''TCS''); Twentieth Century Strategic Asset Allocations, Inc.; Twentieth Century World Investors, Inc.; all future investment companies for which IRC acts as investment adviser and all existing and future series of the foregoing investment companies (the ''Twentieth Century Funds,'' together with the Benham Funds, the ''Funds''); and any future investment adviser to the Funds which is a direct or indirect wholly-owned subsidiary of Twentieth Century Companies, Inc. (''TCC''), BFS, and TCS.

RELEVANT ACT SECTION: Order requested under section 17(d) of the Act and rule 17d–1 thereunder.

SUMMARY OF APPLICATION: Applicants request an order to permit certain investment companies to deposit their uninvested cash in joint accounts and invest the cash in short-term investments, including repurchase agreements.

FILING DATE: The application was filed on June 11, 1996, and amended on August 12, 1996. Applicants inadvertently indicated on the application and the amendment that the file number was 812–7549. The correct file number is 812–10196.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on September 9, 1996, and should be accompanied by proof of service on the 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 1665 Charleston Road, Mountain View, CA 94043 or 4500 Main Street, Kansas City, Missouri 64141–6200.

FOR FURTHER INFORMATION CONTACT: Mary T. Geffroy, Staff Attorney, at (202) 942–0553, or Robert A. Robertson, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

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

Applicant's Representations

1. Each of the Funds currently has an effective registration statement under the Act and maintains a public offering of its shares or shares of its various series or portfolios. BMC is a registered investment adviser under the Act and serves as investment adviser to the Benham Funds. IRC is a registered investment adviser under the Act and serves as investment adviser to the Twentieth Century Funds, and to individual, corporate, charitable, and retirement accounts (''Private Accounts''). BFS serves as transfer agent for the Benham Funds. TCS serves as transfer agent to the Twentieth Century Funds. BFS, BMC, IRC, and TCS are wholly-owned subsidiaries of TCC, a Delaware corporation.

2. Applicants request that any relief granted pursuant to the application apply to any present or future registered investment companies that are advised by BMC, IRC, or any wholly-owned subsidiary of TCC; Private Accounts for which BMC or IRC serve as investment adviser; and any entity controlling, controlled by, or under common control with TCS and BFS that serves as transfer agent for any of the Funds. All Funds that intend to rely upon the requested order are named as applicants.

3. The SEC previously issued an order that allows the Benham Funds to use a Joint Account to purchase repurchase agreements on a pooled basis.[1] On June 1, 1995, BMC, BFS and their affiliates were acquired by TCC. As a result of this transaction, the Twentieth Century Funds became affiliates of the Benham Funds. Because the previous order does not extend to the Twentieth Century Funds, applicants seek a new order that grants authorization to the Benham Funds and the Twentieth Century Funds to use Joint Accounts. In addition, applicants seek to adopt the conditions that the SEC now requires of applicants who request this type of relief, and to revise the nature of the relief granted to include investments other than repurchase agreements.

4. Applicants propose to allow each Fund to participate in joint account arrangements (''Joint Accounts'') for the purposes of investing in: (a) repurchase agreements collateralized fully, as defined in rule 2a–7 under the Act; (b) interest-bearing or discounted commercial paper, including dollar denominated commercial paper of foreign issuers; and (c) any other short-term money market instruments, including variable rate demand notes and other tax-exempt money market instruments, that constitute ''Eligible Securities'' (as defined in rule 2a–7 under the Act) (collectively, ''Short-Term Investments'') as permitted by its investment policies and restrictions.

5. Each of the Funds and Private Accounts (collectively, ''Participants'') has, or may be expected to have, uninvested cash balances with its custodian bank which would not otherwise be invested in portfolio securities by the portfolio manager at the end of each trading day. In the normal course of business, such assets of each Participant are, or would be, invested in Short-Term Investments in

[1] *Benham Equity Funds*, Investment Company Act Release Nos. 17984 (Feb. 6, 1991) (notice) and 18035 (Mar. 12, 1991) (order).

order to earn additional income for that Participant.

6. BFS, as transfer agent for the Benham Funds, maintains certain accounts on behalf of the Benham Funds at a variety of banks and financial institutions. Each of the Twentieth Century Funds maintains a similar account at a local banking institution. Monies forwarded to BFS or TCS by investors for the purchase of additional shares of the Funds are placed in these accounts (''Purchase Accounts'') while purchase orders are processed. The money deposited in the Purchase Accounts is not available for investment by a Fund until it is wired to each Fund's custodian bank the following day. The Funds, do, however, earn income on monies deposited in a Purchase Account. Applicants propose to establish a single joint Purchase Account into which purchase checks received by all of the Participants would be deposited. The Participants would negotiate the rate of interest on monies held in the joint Purchase Account. The joint Purchase Account would operate as, and be subject to the conditions for, a Joint Account, except that money placed in a joint Purchase Account would be invested only in repurchase agreements.

7. Participants may, but are not obligated to, invest not only cash which in the absence of a Joint Account would remain uninvested, but also cash which in the absence of a Joint Account would be individually invested in Short-Term Investments pursuant to a Participant's investment policies.

8. The record owner of a Joint Account or joint Purchase Account will be the participant's custodian or a nominee of the Participant's respective custodians. Each Participant that deposits cash into a Joint Account or joint Purchase Account will be beneficial owner of: (a) the cash so deposited plus interest, if any earned thereon; and (b) the Participant's *pro rata* share of any securities and income from any securities purchased with the Participant's cash.

9. Each Participant would participate in the Joint Account on the same basis as every other Participant in conformity with its fundamental investment objectives and restrictions. Future participants will be required to participate in the Joint Account on the same terms and conditions as the existing Participants. BMC, IRC, and any future investment adviser or subadviser to the Participants, which is a direct or indirect wholly-owned subsidiary of TCC (''Advisers'') would have no monetary participation in the account, but would be responsible for investing amounts in the account, establishing accounting and control procedures, and ensuring the equal treatment of each Participant.

10. Each of the Participants has established the same systems and standards relating to repurchase agreements. These standards include creditworthiness standards for issuers of repurchase agreements and for collateral, and requirements that the repurchase agreement will be at least 100% collateralized at all times.

11. The Participants generally do not enter into repurchase agreements in which the counterparty (or one of its affiliated persons) may have possession of, or control over, the collateral which is the subject of the agreement (''Hold-in Custody Repurchase Agreements''). The Participants will not enter into Hold-in Custody Repurchase Agreements with their custodian banks except in those cases where cash is received very late in the business day and otherwise would be unavailable for investment.

Applicants' Legal Analysis

1. Section 17(d) of the Act makes it unlawful for an affiliated person of a registered investment company, acting as principal, to effect any transaction in which the registered investment company is a joint or a joint and several participant with such person in contravention of rules and regulations proscribed by the SEC. Rule 17d–1 provides that an affiliated person of a registered investment company, acting as principal, shall not participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement in which the registered investment company is a participant unless the SEC has issued an order approving the arrangement.

2. Each Participant, by participating in a Joint Account or joint Purchase Account, and the Advisers, by managing the Joint Account or joint Purchase Account, could be deemed to be ''joint participants'' in a transaction within the meaning of section 17(d). In addition, the proposed accounts could be deemed to be ''joint enterprises or other joint arrangements'' within the meaning of rule 17d–1.

3. Applicants represent that the proposed method of operating the Joint Account will not result in any conflicts of interest between any of the Participants or between a Participant and its respective Adviser. Applicants believe that there does not appear to be any way in which operations of the Joint Account would result in greater benefit to one Participant than to another.

4. Applicants believe that the Joint Accounts could result in certain benefits to the Participants. For example, the Participants may earn a higher rate of return on investments through the Joint Accounts relative to the returns they could earn individually. Under most market conditions, it is possible to negotiate a rate of return on larger repurchase agreements that is higher than the rate on smaller repurchase agreements.

5. Applicants believe that one of the benefits of the Joint Accounts is that by reducing the number of trade tickets which each government securities dealer will have to write, repurchase transactions will be simplified for those organizations, with a concomitant reduction for errors.

6. For the reasons set forth above, applicants believe that granting the requested order is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act and the intention of rule 17d–1.

Applicants' Conditions

Applicants will comply with the following procedures as conditions to any SEC order:

1. The Joint Accounts or joint Purchase Accounts will not be distinguishable from any other accounts maintained by the Participants at their custodians except that monies from the Participants will be deposited in the Joint Account or joint Purchase Account on a commingled basis. The Joint Accounts or joint Purchase Accounts will not have separate existences and will not have any indicia of separate legal entities. The sole function of the Joint Accounts will be to provide a convenient way of aggregating individual transactions which would otherwise require daily management by the Advisers of uninvested cash balances.

2. Cash in the Joint Accounts will be invested in one or more of the following, as directed by the Advisers: (a) repurchase agreements ''collateralized fully'' as defined in rule 2a–7 under the Act; (b) interest-bearing or discounted commercial paper, including dollar denominated commercial paper of foreign issuers; and (c) any other short-term money market instruments, including variable rate demand notes and other tax-exempt money market instruments, that constitute ''Eligible Securities'' (as defined in rule 2a–7 under the Act). Cash in the joint Purchase Accounts will earn a negotiated rate of interest or be invested in overnight repurchase agreements ''collateralized fully'' as

defined in rule 2a–7 under the Act. No Participant would be permitted to invest in a Joint Account or joint Purchase Account unless the Short-Term Investments made by the Participant in such Joint Account or joint Purchase Account satisfied the investment policies and guidelines of that Participant. Short-Term Investments that are repurchase agreements would have a remaining maturity of 60 days or less and other Short-Term Investments would have a remaining maturity of 90 days or less, as calculated in accordance with rule 2a–7 under the Act.

3. All assets held in the Joint Accounts would be valued on an amortized cost basis to the extent permitted by applicable SEC releases, rules, or orders.

4. Each Participant that is a registered investment company valuing its net assets in reliance on rule 2a–7 under the Act will use the average maturity of the instruments in the Joint Account in which such Participant has an interest (determined on a dollar-weighted basis) for the purpose of computing its average portfolio maturity with respect to its portion of assets held in a Joint Account on that day.

5. In order to assure that there will be no opportunity for one Participant to use any part of a balance of a Joint Account or joint Purchase Account credited to another Participant, no Participant will be allowed to create a negative balance in any Joint Account or joint Purchase Account for any reason, although each Participant would be permitted to draw down its entire balance at any time. In no case would an early termination by less than all Participants be permitted if it would reduce the principal amount or yield received by other Participants in a particular Joint Account or joint Purchase Account or otherwise adversely affect the other Participants. Each Participant's decision to invest in a Joint Account would be solely at its option, and no Participant will be obligated to invest in the Joint Account or to maintain any minimum balance in the Joint Account. In addition, each Participant will retain the sole rights of ownership of any of its assets invested in the Joint Account or joint Purchase Account, including interest payable on such assets invested in the Joint Account or joint Purchase Account.

6. The Advisers will administer the investment of cash balances in, and the operation of, the Joint Accounts or joint Purchase Accounts as part of their general duties under their advisory agreements with Participants and will not collect any additional or separate fees for advising any Joint Account or joint Purchase Account.

7. The administration of the Joint Accounts or joint Purchase Accounts will be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g–1 thereunder.

8. The directors or trustees of the Funds will adopt procedures pursuant to which the Joint Accounts or joint Purchase Accounts will operate, which will be reasonably designed to provide that the requirements of the application will be met. The directors or trustees will make and approve such changes as they deem necessary to ensure that such procedures are followed. The directors or trustees will determine, no less frequently than annually, that the Joint Accounts have been operated in accordance with the proposed procedures. Furthermore, the directors or trustees will only permit a Participant to continue to participate in a Joint Account or joint Purchase Account if they determine that there is a reasonable likelihood that the Participant and its shareholders will benefit from the Participant's continued participation.

9. Any Short-Term Investment made through the Joint Accounts will satisfy the investment criteria of all Participants in that investment. Repurchase agreements purchased through a joint Purchase Account will satisfy the investment criteria of all Participants in the investment.

10. Each Participant's investment in a Joint Account will be documented daily on the books of each Participant and the books of its custodian. Each Participant will maintain records (in conformity with section 31 of the Act and rules thereunder) documenting for any given day, its aggregate investment in a Joint Account and its *pro rata* share of each Short-Term Investment made through such Joint Account. Each Participant that is not a registered investment company or registered investment adviser will make available to the SEC, upon request, such books and records with respect to its participation in a Joint Account.

11. Every Participant in the Joint Accounts will not necessarily have its cash invested in every Short-Term Investment. However, to the extent that a Participant's cash is applied to a particular Short-Term Investment, the Participant will participate in and own its proportionate share of such Short-Term Investment, and any income earned or accrued thereon, based upon the percentage of such investment purchased with monies contributed by the Participant. This condition shall also apply to the repurchase agreements purchased through a joint Purchase Account.

12. Short-Term Investments held in a Joint Account generally will not be sold prior to maturity except if: (a) The Advisers believe the investment no longer presents minimal credit risks; (b) the investment no longer satisfies the investment criteria of all Participants in the investment because of downgrading or otherwise; or (c) in the case of a repurchase agreement, the counterparty defaults. The Adviser may, however, sell any Short-Term Investment (or any fractional portion thereof) on behalf of some or all Participants prior to the maturity of the investment if the cost of such transaction will be borne solely by the selling Participants and the transaction will not adversely affect other Participants. Each Participant in a Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

13. Short-Term Investments held through a Joint Account with a remaining maturity of more than seven days, as calculated pursuant to rule 2a–7 under the Act, will be considered illiquid (''Illiquid Joint Account Investments''). For any Participant that is an open-end investment company registered under the Act, if an Adviser cannot sell the instrument, or the Participant's fractional interest in such instrument, pursuant to the preceding condition, such Illiquid Joint Account Investments shall be included among those securities which are subject to the restriction that the fund may not invest more than 15% (or such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–21055 Filed 8–16–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37548; File No. SR–GSCC–96–05]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Clearing Fund Collateral and Loss Allocation Provisions

August 9, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on May 28, 1996, the Government

[1] 15 U.S.C. 78s(b)(1) (1988).