and 57 thereunder, permit holding companies registered under the Act to make direct or indirect investments in exempt wholesale generators (''EWGs'') and foreign utility companies (''FUCOs''), as defined in sections 32 and 33 of the Act, respectively, without the prior approval of the Commission, if certain conditions are met. Rules 53, 54 and 55 do not create a reporting burden for respondents. These rules do, however, contain a recordkeeping and retention requirement. The purpose of requiring the availability of books and records identifying investments in and earnings from any subsidiary EWG or FUCO is to allow the Commission to monitor the extent and the effect of registered holding companies' investments in these new entities. This criterion was specifically cited by Congress as an appropriate item for inclusion in the Commission's rulemaking. The Commission estimate that the total annual reporting and recordkeeping burden of collections under each of rules 53, 54 and 55 is 110 hours per rule (*e.g.*, 11 responses per rule × 10 hours per rule = 110 burden hours per rule).

Rule 57 imposes two reporting requirements. First, and pursuant to rule 57(a) companies seeking FUCO status must file a notification on Form U–57 on the occasion of each transaction involving the acquisition of a FUCO. In instances where non-utility entities acquire a FUCO, Form U–57 is the Commission's sole source of information regarding such projects. Even when public-utility companies make the acquisition, Form U–57 may provide the only prospective data available to the Commission with respect to such acquisition. The Commission estimates that the total reporting and recordkeeping burden of collections under rule 57(a) is 144 hours (*e.g.*, 48 responses × 3 hours = 144 burden hours).

The second reporting requirement of Rule 57 is the filing of Form U–33–S, which imposes an annual reporting requirement on any public-utility company that acquires one or more FUCOs. The information from Form U–33–S allows the Commission to monitor overseas investments by public-utility companies. The Commission estimates that the total reporting and recordkeeping burden of collections under rule 57(b) is 267 hours (*e.g.*, 89 responses × 3 hours = 267 burden hours).

Section 3 of the Act and rule 2 under the Act require the Commission to monitor exempt holding companies to make sure that exemptions are not detrimental to the public interest or the interest of investors or consumers. Form U–3A–2 is the single uniform periodic submission which allows the staff to effectively accomplish this task. The Commission estimates that the total reporting and recordkeeping burden of collections under rule 2 is 319 hours (*e.g.*, 91 responses × 3.5 hours=319 burden hours).

Section 5 of the Act imposes similar duties on the Commission with respect to registered holding companies. The Form U5S allows the staff to gather an annual ''snapshot'' of each registered system for review and comparison with other systems. Relying on the fragmented information submitted with applications on Form U–1 for Commission approval of certain transactions, or other submissions by registered holding companies or their subsidiaries, would not be an appropriate substitute for the comprehensive and timely information provided on Form U5S. The Commission estimates that the total reporting and recordkeeping burden of collections under Form U5S is 4,142 hours (*e.g.*, 19 responses × 218 hours = 4,142 burden hours).

These estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even a representative survey or study of the costs of SEC rules and forms.

It should be noted that ''an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.''

Written comments are invited on (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Securities and Exchange commission, 450 5th Street, NW, Washington, DC 20549.

Dated: June 5, 1998.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–15825 Filed 6–12–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–23246; 812–10970]

M Fund, Inc., et al.; Notice of Application

June 9, 1998.

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

ACTION: Notice of application for exemption under section 6(c) of the Investment Company Act of 1940 (the ''Act'') from section 15(a) of the Act and rule 18f–2 under the Act.

SUMMARY OF APPLICATION: Applicants, M Fund, Inc. (''Company'') and M Financial Investment Advisers, Inc. (''Adviser''), request an order to permit them to enter into and materially amend investment advisory contracts without shareholder approval.

FILING DATES: The application was filed on January 16, 1998, and amended on May 18, 1998, and June 4, 1998. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

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 June 30, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549. Applicants, 205 S.E. Spokane Street, Portland, Oregon 97202.

FOR FURTHER INFORMATION CONTACT: 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 Fifth St., N.W., Washington, DC 20549 (tel. 202–942–8090).

Applicants' Representations

1. The Company, a Maryland corporation registered under the Act as an open-end diversified management investment company currently has four series (''Funds'') that are offered exclusively to variable annuity and variable life insurance separate accounts of life insurance companies. The Adviser, registered under the Investment Advisers Act of 1940 (''Advisers Act''), is the investment adviser to each of the Funds pursuant to an investment advisory agreement (''Agreement''). Each Fund currently has one investment subadviser (''Manager''), each of which is registered under the Advisers Act.

2. Under the Agreement, the Adviser oversees the administration of all operations of the Company and oversees each Fund's Manager. Each Manager recommended by the Adviser is ultimately approved by the Fund's board of directors (''Board''), including a majority of the Fund's directors who are not ''interested persons'' of the Fund as defined in section 2(a)(19) of the Act (''Independent Directors''). The Adviser monitors each Manager's compliance with each Fund's investment objectives and policies, reviews the performance of each Manager, and periodically reports each Manager's performance to the Board. As compensation for its services, the Adviser receives a fee, paid by the Company, based on the average daily net assets of each of the Funds.

3. Under subadvisory agreements between the Adviser and the Managers (''Subadvisory Agreements'') the specific investment decisions for each Fund are, and will continue to be, made by each Manager. The Managers' fees are paid by the Adviser out of its fee.

4. Applicants request an exemption from section 15(a) of the Act and rule 18f–2 under the Act to permit Managers selected by the Adviser and approved by the Board to serve as investment subadvisers for the Funds without shareholder approval.[1]

Shareholder approval is, and will continue to be, required for any Manager that is an affiliated person, as defined in section 2(a)(3) of the Act, other than by reason of serving as a Manager to one or more of the Funds (''Affiliated Manager'').

Applicants' Legal Analysis

1. Section 15(a) of the Act makes it unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by a majority of the investment company's outstanding voting securities. Rule 18f–2 under the Act provides that each series or class of stock in a series company affected by a matter must approve the matter if the Act requires shareholder approval.

2. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act 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 their requested relief meets this standard for the reasons discussed below.

3. Applicants assert that the Company's investors rely on the Adviser to select Managers best suited to achieve a Fund's investment objectives. The Adviser has represented itself as an investment adviser whose strength and expertise lies in its ability to evaluate, select and supervise those Managers who can add the most value to a shareholder's investment in the Company. Applicants state that, from the perspective of an investor, the role of the Managers is similar to that of individual portfolio managers employed by traditional investment advisory firms. Applicants thus contend that the requested relief will allow each Fund to operate more efficiently by enabling the Funds to act quickly and cost effectively to replace Managers when the Board and the Adviser feel that a change would benefit the Fund. Applicants also note that the Agreement will remain fully subject to the requirements of section 15 of the Act and rule 18f–2 under the Act, including the requirements for shareholder approval.[2]

Applicants' Conditions

Applicants agree that the requested order will be subject to the following conditions:

1. Before a Future Fund that does not presently have an effective registration statement may rely on the order requested herein, the operation of the Future Fund in the manner described in the application will be approved by its initial shareholder(s) before shares of the Future Fund are made available to the public.

2. The Company will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to this application. In addition, each Fund will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Adviser has the ultimate responsibility to oversee the Managers and recommend their hiring, termination, and replacement.

3. At all times, a majority of the Company's Board will consist of Independent Directors, and the nomination of new or additional Independent Directors will be at the discretion of the then existing Independent Directors.

4. The Adviser will not enter into a Subadvisory Agreement with any Affiliated Manager without that Agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Fund.

5. When a Manager change is proposed for a Fund with an Affiliated Manager, the Company's Board, including a majority of the Independent Directors, will make a separate finding, reflected in the Company's Board minutes, that the change is in the best interests of the Fund and its shareholders and does not involve a conflict of interest from which the Adviser of the Affiliated Manager derives an inappropriate advantage.

6. Within 90 days of the hiring of any new Manager shareholders will be furnished relevant information about the new Manager or Subadvisory agreement that would be contained in a proxy statement including any change in the disclosure caused by the addition of the new Manager. The Adviser will meet this condition by providing shareholders, within 90 days of the hiring of a Manager, an informal information statement meeting the requirements of Regulations 14C, Schedule 14C, and Item 22 of Schedule 14A under the Securities Exchange Act of 1934.

7. The Adviser will provide general management services to each Fund,

[1] Applicants request that the relief also apply to any series of the Company that may be created in the future, and to all subsequently registered open-end investment companies that in the future are advised by the Adviser, or any entity controlling, controlled by, or under common control with the Adviser, provided that these companies operate in substantially the same manner as the Funds with respect to the Adviser's responsibility to select, evaluate and supervise Managers and comply with the conditions to the requested order as set forth in the application (''Future Funds'').

[2] The Company's prospectus has disclosed, since the effective date of the Company's registration statement, that the Company would seek an exemptive order from the SEC permitting changes in Managers without submitting the Subadvisory Agreements to a vote of the Company's shareholders.

including overall supervisory responsibility for the general management and investment of each Fund's portfolio, and subject to review and approval by the Board, will: (i) set the Fund's overall investment strategies; (ii) select managers, (iii) when appropriate, recommend to the Board the allocation and reallocation of a Fund's assets among multiple Managers; (iv) monitor and evaluate the performance of Manager; and (v) ensure that the Managers comply with the Fund's investment objectives, policies, and restrictions.

8. No director or officer of the Company or director or officer of the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by that director or officer) any interest in a Manager except for (i) ownership of interests in the Adviser or any entity that controls, is controlled by, or is under common control with the Adviser; or (ii) ownership of less than 1% of the outstanding securities of any class of debt or equity of a publicly-traded company that is either a Manager or an entity that controls, is controlled by, or is under common control with a Manager.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–15826 Filed 6–12–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40075; File No. SR–CBOE–98–07]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Committee Responsible for Governing RAES Participation in SPX

June 4, 1998.

On February 20, 1998, the Chicago Board Options Exchange, Incorporated (''CBOE'' of the ''Exchange'') filed with Securities and Exchange Commission (''Commission'') the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] to change the Committee responsible for governing RAES eligibility in options on the Standard & Poor's 500 Index (''SPX'') from the appropriate Floor Procedure Committee to the appropriate Market Performance Committee. CBOE filed an amendment on April 15, 1998, requesting that the filing be handled as a regular way filing under Section 19(b)(2) of the Act.[3] The Commission published notice of the proposed rule change in the **Federal Register** on April 30, 1998.[4] No comment letters were received. This order approves the proposed rule change.

I. Description of the Proposal

The Exchange proposes to change the Committee responsible for governing RAES eligibility in options on the SPX from the appropriate Floor Procedure Committee to the appropriate Market Performance Committee. Currently, SPX is the only options class in which the issues concerning the eligibility of market-makers to participate in RAES is governed by a Floor Procedure Committee instead of by a Market Performance Committee. Rule 8.16 (in the case of option classes other than OEX[5], SPX, and DJC[6]) and Rule 24.17 (in the case of OEX and DJX option classes) provide that the appropriate Market Performance Committee will govern the RAES market-maker eligibility issues. This change, therefore, will make the regulation of SPX RAES eligibility consistent with that of the other option classes traded on the Exchange. The governance of eligibility issues for SPX RAES will initially be delegated to the newly formed Index Market Performance Committee.

As with the other options classes, the Index Market Performance Committee will have authority to exempt market-makers the requirement that the market-maker be present in the crowd to log onto or remain on RAES (Rule 24.16(a)(iii), the requirement that the market-maker must log onto RAES at any time during an expiration month when he is present in the crowd and when he has logged on previously during that expiration month (Rule 24.16(d)), certain requirements concerning the participation of joint accounts (Rule 24.16(c)), and certain requirements concerning the participation of member organizations with multiple nominees (Rule 24.16(d)). The Index Market Performance Committee will also take over the broader authority of the SPX Floor Procedure Committee to set the maximum number of RAES participants in RAES groups, to disallow the participation of certain RAES groups (Rule 24.16(e)), to require market-makers of the trading crowd to log onto RAES if there is inadequate participation (Rule 24.16(f)), and to take other remedial action as appropriate (Rule 24.16(g)).

II. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and in particular, the requirements of Sections 6(b)(5)[7] of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade, and to remove impediments to and protect the mechanism of a free and open market.[8]

Specifically, the Commission believes that changing the Committee that oversees the eligibility of market makers to participate in RAES for the trading of SPX will ensure that the regulation of SPX RAES eligibility will be consistent with that of the other options classes traded on the Exchange.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act[9] that the proposed rule change SR–CBOE–98–07) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[10]

[FR Doc. 98–15780 Filed 6–12–98; 8:45 am]

BILLING CODE 8010–01–M

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

[2] 17 CFR 240.19b–4

[3] *See*, letter from Timothy H. Thompson, Director, Regulatory Affairs, Legal Department, CBOE to Victoria Berberi-Doumar, Special Counsel, Division of Market Regulation, SEC, dated April 15, 1998.

[4] Securities Exchange Act Release No. 39911 (April 24, 1998), 63 FR 23820 (April 30, 1998).

[5] OEX stands for options on the Standard & Poor's 100 Index.

[6] DJX stands for options on the Dow Jones Industrial Average.

[7] 15 U.S.C. 78f(b)(5).

[8] In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation, 15 U.S.C. 78c(f).

[9] 15 U.S.C. 78s(b)(2).

[10] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40071; File No. SR–DTC–98–10]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees and Charges

June 4, 1998.

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

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