information, such as: (1) Specific operational data regarding the time taken to perform transfer agent activities (to ensure compliance with the minimum performance standards in Rule 17Ad–2 (17 CFR 240.17Ad–2)); (2) written inquiries and requests by shareholders and broker-dealers and response time thereto; (3) resolutions, contracts or other supporting documents concerning the appointment or termination of the transfer agent; (4) stop orders or notices of adverse claims to the securities; and (5) all canceled registered securities certificates.

Rule 17Ad–7 under the Securities Exchange Act of 1934 (15 U.S.C. 78b *et seq.*) requires each registered transfer agent to retain the records specified in Rule 17Ad–6 in an easily accessible place for a period of six months to six years, depending on the type of record or document. Rule 17Ad–7 also specifies the manner in which records may be maintained using electronic, microfilm, and microfiche storage methods.

These recordkeeping requirements ensure that all registered transfer agents are maintaining the records necessary to monitor and keep control over their own performance and for the Commission to adequately examine registered transfer agents on an historical basis for compliance with applicable rules.

We estimate that approximately 1,000 registered transfer agents will spend a total of 500,000 hours per year complying with Rules 17Ad–6 and 17Ad–7. Based on average cost per hour of $50, the total cost of compliance with Rule 17Ad–6 is $25,000,000.

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 shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be 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, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: June 22, 2001.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–16555 Filed 6–29–01; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–25050; 813–238]

Community Investment Partners IV, L.P., LLLP and The Jones Financial Companies, L.L.L.P.; Notice of Application

June 26, 2001.

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

ACTION: Notice of application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the ''Act'') exempting the applicants from all provisions of the Act, except section 9, section 17 (other than certain provisions of paragraphs (a), (d), (e), (f), (g) and (j)), section 30 (other than certain provisions of paragraphs (a), (b), (e), and (h)), sections 36 through 53, and the rules and regulations under those sections.

SUMMARY OF APPLICATION: Applicants request an order to exempt certain limited liability companies or other entities (''Partnerships'') formed for the benefit of key employees of The Jones Financial Companies L.L.L.P. and its affiliates from certain provisions of the Act. Each Partnership will be an ''employees' securities company'' as defined in section 2(a)(13) of the Act.

Applicants: Community Investment Partners IV, L.P., LLLP (the ''Initial Partnership'') and The Jones Financial Companies, L.L.L.P (''Jones Financial'').

Filing Date: The application was filed on March 1, 2000 and amended on May 21, 2001. 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 Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on July 23, 2001, 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 Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Applicants, 12555 Manchester Road, St. Louis, MO 63131.

FOR FURTHER INFORMATION CONTACT: Sara Crovitz, Senior Counsel, at (202) 942–0667 (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 Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549–0101, (202) 942–8090.

Applicants' Representations

1. Jones Financial is a full-service provider of securities brokerage, insurance brokerage, planning and other financial services and also has a specialized investment banking practice. Jones Financial is a member of the New York, American, Chicago, Toronto, Montreal and London stock exchanges and is a broker-dealer registered under the Securities Exchange Act of 1934 (the ''1934 Act''). Jones Financial and its affiliates, as defined in rule 12b–2 under the 1934 Act, are referred to collectively as the ''Jones Financial Companies.'' Community Investment Partners IV, L.P., LLLP is a limited partnership registered under the laws of the state of Missouri.

2. Applicants intend to establish investment programs for the benefit of certain individual current or former partners of the Jones Financial Companies. The Initial Partnership and other partnerships that may in the future be offered to the same class of investors will be limited liability companies or other entities formed under the laws of the state of Missouri, Delaware or another jurisdiction (such other partnerships or other investment vehicles being referred to as ''Other Partnerships'' and together with the Initial Partnerships, the ''Partnership(s)''). Each Partnership is or will be an ''employees' securities company'' within the meaning of section 2(a)(13) of the Act and will operate as a closed-end management investment company. The goal of the Partnerships is to create investment opportunities that are competitive with those at other brokerage, insurance, investment banking and financial services firms and to facilitate recruitment and retention of high

caliber professionals. Participation in a Partnership will be voluntary.

3. CIP Management L.P., LLLP, which is controlled by Jones Financial, will act as the general partner of the Initial Partnership (together with any Jones Financial Companies entity that acts as the general partner of a Partnership, the ''General Partner''). The General Partner of the Initial Partnership will not be registered under the Investment Advisers Act of 1940 (the ''Advisers Act'') pursuant to an exemption from registration set forth in section 203(b)(3) of the Advisers Act and rule 203(b)(3)–1 under the Advisers Act, but will register as an investment adviser if required under applicable law. The General Partner, or another Jones Financial Companies entity, will manage, operate and control each of the Partnerships. The General Partner will be authorized to delegate to another Jones Financial Companies entity or to a committee of Jones Financial Companies employees such management responsibilities.

4. Limited partner interests in the Partnerships (''Interests'') will be offered without registration in reliance on section 4(2) of the Securities Act of 1933 (the ''1933 Act''), or Regulation D under the 1933 Act and will be sold only to ''Eligible Employees'' and ''Qualified Participants'' (collectively ''Participants,'' in each case as defined below). Prior to offering Interests, the General Partner must reasonably believe that each Eligible Employee or Eligible Family Member, as defined below, is a sophisticated investor capable of understanding and evaluating the risks of participating in such Partnership without the benefit of regulatory safeguards and can afford a complete loss of such investment. An Eligible Employee is an individual who is a former or current partner of Jones Financial Companies and who meets the standards of an ''accredited investor'' under Rules 501(a)(5) or 501(a)(6) of Regulation D, or one of no more than 35 partners who meet certain salary and other requirements (''Other Investor'').

5. An Other Investor will be permitted to invest in a Partnership if each such person (a) is a ''knowledgeable employee,'' as defined in rule 3c–5 under the Act, of such Partnership (with the Partnership treated as though it were a ''covered company'' for purposes of such rule) or (b) has a graduate degree in business, law or accounting; has a minimum of five years of consulting, investment banking or similar business experience; and has a reportable income from all sources in the two calendar years immediately preceding the Other Investor's participation in the Partnership of at least $100,000 and will have a reasonable expectation of reportable income from all sources of at least $140,000 in each year in which the Other Investor will be committed to make investments in a Partnership. In addition, an Other Investor qualifying under (b) in the immediately preceding sentence will not be permitted to invest or commit to invest in any calendar year more than 10% (or such lesser percentage as shall be determined by the General Partner and set forth in the private placement memorandum relating to such Partnership) of such person's income from all sources for the immediately preceding calendar year in the aggregate in a Partnership and in all other Partnerships in which such Other Investor has previously invested.

6. A Qualified Participant is an Eligible Family Member or Qualified Entity (in each case as defined below) of an Eligible Employee. An ''Eligible Family Member'' is a spouse, parent, child, spouse of child, brother, sister, or grandchild of an Eligible Employee. An Eligible Family Member, if such individual or entity is purchasing an Interest from a partner of the Partnership (''Partner'' or ''Participant'') or directly from the Partnership, must be an accredited investor. A ''Qualified Entity'' is (a) a trust of which the trustee, grantor and/or beneficiary is an Eligible Employee; (b) a partnership corporation or other entity controlled by an Eligible employee [1] or (c) a trust or other entity established solely for the benefit of Eligible Family Members of an Eligible Employee. A Qualified Entity must be either an accredited investor or an entity for which an Eligible Employee or Eligible Family Member is a settlor and principal investment decision-maker.

7. The terms of a Partnership will be fully disclosed to each Eligible Employee and, if applicable, to a Qualified Participant of the Eligible Employee, at the time the Eligible Employee is invited to participate in the Partnership. Each Partnership will send annual reports, which will contain audited financial statements, to each Participant within 120 days after the end of the fiscal year of each of the Partnerships or as soon as practicable thereafter. In addition, each Participant will receive a copy of Schedule K–1 showing the Participant's share of income, credits, deductions and other tax items.

8. The specific investment objectives and strategies for a particular Partnership will be set forth in a private placement memorandum relating to the Interests offered by the Partnership and each Eligible Employee and Qualified Participant will receive a copy of the private placement memorandum and the limited partnership agreement (or other constitutive document) of the Partnership.

9. Interests in each Partnership will be non-transferable except with the prior written consent of the General Partner. No person or entity will admitted into a Partnership unless such person is an Eligible Employee, Qualified Participant of an Eligible Employee or a Jones Financial Companies entity. Interests in each Partnership will not be subject to repurchase, cancellation or redemption. No sales load or similar fee of any kind will be charged in connection with the sale of Interests. The General Partner, the Jones Financial Companies or any employees of the General Partner or the Jones Financial Companies will be entitled to receive any compensation from, or a performance-based fee (''carried interest'') [2] based on, the gains and losses of the investment program or the Partnership's investment portfolio.

10. Subject to the terms of the applicable limited partnership agreement (or other constitutive documents), a Partnership will be permitted to enter into transactions involving (a) a Jones Financial Companies entity, (b) a portfolio company, (c) any Partner or person or entity affiliated with a Partner, (d) an investment fund or separate account that is organized for the benefit of investors who are not affiliated with Jones Financial Companies and over which a Jones Financial Companies entity exercises investment discretion (a ''Third-Party Fund''), or (e) any partner

[1] The inclusion of partnerships, corporations or other entities that are controlled by Eligible Employees in the definition of ''Qualified Entity'' is to enable such individuals to make investments in the Partnerships through personal investment vehicles for the purpose of implementing their personal and family investment and estate planning objectives. Eligible Employees will exercise investment discretion or control over these investment vehicles, thereby creating a close nexus between Jones Financial Companies and these investment vehicles.

[2] A ''carried interest in an allocation to the General Partner based on the net gains of an investment program and is in addition to the amount that is allocable to the General Partner in proportion to its capital contributions. With respect to a General Partner that is registered under the Advisers Act, any carried interest may be charged only if it is permitted under Rule 205–3 under the Advisers Act; with respect to a General Partner that is not registered under the Advisers Act, any carried interest charged will comply with section 205(b)(3) of the Advisers Act (with the Partnership treated as though it were a business development company solely for purposes of that section). The General Partner of the Initial Partnership is not eligible to register as an investment adviser under the Advisers Act pursuant to section 203A(1) of the Advisers Act.

or other investor in a Third-Party Fund that is not affiliated with Jones Financial Companies (''Third-Party Investor''). These transactions may include a Partnership's purchase or sale of an investment or an interest from or to any Jones Financial Companies entity or Third-Party Fund, acting as principal. Prior to entering these transactions, the General Partner must determine that the terms are fair to the Partners.

11. A Partnership will not invest more than 15% of its assets in securities issued by registered investment companies (with the exception of temporary investments in money market funds). A Partnership will not acquire any security issued by a registered investment company if immediately after such acquisition, such Partnership will own more than 3% of the outstanding voting stock of the registered investment company.

12. A Jones Financial Companies entity, acting as an agent or broker, may receive placement fees, advisory fees or other compensation from a Partnership in connection with the purchase or sale by the Partnership of securities; provided that such placement fees, advisory fees or other compensation can be deemed ''reasonable and customary'' Fees or other compensation will be deemed ''reasonable and customary'' only if (a) the Partnership is purchasing or selling securities alongside other unaffiliated third parties (including Third-Party Funds), (b) the fees or other compensation that are being charged to the Partnership are also being charged to the unaffiliated third parties (including Third-Party Funds), and (c) the amount of securities being purchased or sold by the Fund does not exceed 50% of the total amount of securities being purchased or sold by the Partnership and the unaffiliated third parties (including Third-Party Funds). Jones Financial Companies entities (including the General Partner) also may be compensated for services to entities in which the Partnerships invest and to entities that are competitors of these entities and may otherwise engage in normal business activities that conflict with the interests of the Partnerships.

Applicants' Legal Analysis

1. Section 6(b) of the Act provides, in part, that the Commission will exempt employee's securities companies from the provisions of the Act to the extent that the exemption is consistent with the production of investors. Section 6(b) provides that the Commission will consider, in determining the provisions of the Act from which the company should be exempt, the company's form of organization and capital structure, the persons owning and controlling its securities, the price of the company's securities and the amount of any sales load, how the company's funds are invested and the relationship between the company and the issuers of the securities in which it invests. Section 2(a)(13) defines an employees' securities company, in relevant part, as any investment company all of whose securities are beneficially owned (a) by current or former employees, or persons on retainer, of one or more affiliated employers, (b) by immediate family members of such persons, or (c) by such employer or employers together with any of the persons in (a) or (b).

2. Section 7 of the Act generally prohibits an investment company that is not registered under section 8 of the Act from selling or redeeming its securities. Section 6(e) provides that, in connection with any order exemptions an investment company from any provision of section 7, certain provisions of the Act, as specified by the Commission, will be applicable to the company and other persons dealing with the company as though the company were registered under the Act. Applicants request an order under sections 6(b) and 6(e) of the Act for an exemption from all provisions of the Act except section 9, section 17 (other than certain provisions of paragraphs (a), (d), (e), (f), (g) and (j), section 30 (other than certain provisions of paragraphs (a), (b), (e), and (h)), sections 36 through 53, and the rules and regulations under those sections.

3. Section 17(a) generally prohibits any affiliated person of a registered investment company, or any affiliated person of an affiliated person, acting as principal, from knowingly selling or purchasing any security or other property to or from the company. Applicants request an exemption from section 17(a) to permit (a) a Jones Financial Companies entity or a Third-Party Fund, acting as principal, to engage in any transaction directly or indirectly with any Partnership or any company controlled by the Partnership; (b) any Partnership to invest in or engage in any transaction with any entity acting as principal, (1) in which the Partnership, any company controlled by the Partnership, or any Jones Financial Companies entity, or a Third-Party Fund has invested or will invest, or (2) with which the Partnership, any company controlled by the Partnership, or any Jones Financial Companies entity, or a Third-Party Fund is or will become affiliated; and (c) a Third Party Investor, acting as principal, to engage in any transaction directly or indirectly with any Partnership or any company controlled by the Partnership.

4. Applicants state that an exemption from section 17(a) is consistent with the protection of investors and the purpose of the Partnerships. Applicants state that the Participants in each Partnership will be fully informed of the extent of the Partnership's dealings with Jones Financial Companies. Applicants also state that, as professionals employed in the securities and insurance brokerage, investment banking, investment management or financial services businesses, or in the administrative, financial, accounting, legal or operational activities related thereto, Participants will be able to understand and evaluate the attendant risks. Applicants assert that the community of interest among the Participants and Jones Financial Companies will provide the best protection against any risk of abuse.

5. Section 17(d) of the Act and rule 17d–1 prohibit any affiliated person or principal underwriter of a registered investment company, or any affiliated person of an affiliated person or principal underwriter, acting as principal, from participating in any joint enterprise or other joint arrangement unless authorized by the Commission. Applicants request approval to permit affiliated persons of each Partnership or affiliated persons of any of these persons, to participate in any joint arrangement in which the Partnership or a company controlled by such Partnership is a participant.

6. Applicants submit that it is likely that suitable investments will be brought to the attention of a Partnership because of its affiliation with Jones Financial Companies or Jones Financial Companies' large geographic scope, capital resources and experience in business. In addition, attractive investment opportunities of the types considered by a Partnership often require each participant in the transaction to make available funds in an amount that may be substantially greater than may be available to such Partnership alone. Applicants contend that, as a result, the only way in which a Partnership may be able to participate in such opportunities may be to co-invest with other persons, including affiliates. Applicant note that each Partnership primarily will be organized for the benefit of the limited partner employee participants, as an incentive for them to remain with Jones Financial Companies and for the generation and maintenance of goodwill. Applicants believe that if co-investments with Jones Financial Companies are prohibited, the appeal of a Partnership for Eligible Employees will be significantly diminished. Applicants assert that

Eligible Employee wish to participate in such co-investment opportunities because they believe that (a) the resources of Jones Financial Companies enable it to analyze investment opportunities to an extent that individual employees would have neither the time nor resources to duplicate, (b) investments made by Jones Financial Companies will not be generally available to investors even of the financial status of the Eligible Employees, and (c) Eligible Employees will be able to pool their investment resources, thus achieving greater diversification of their individual investment portfolios.

7. Applicants assert that the flexibility to structure co-investments and joint investments will not involve abuses of the type section 17(d) and rule 17d–1 were designed to prevent. Applicants state that the concern that permitting co-investments by Jones Financial Companies, on the one hand, and a Partnership on the other, might lead to less advantageous treatment of the Partnership should be mitigated by the fact that Jones Financial Companies, in addition to its stake through the General Partner and its co-investment, will be acutely concerned with its relationship with the personnel who invest in such Partnership and senior officials and directors of Jones Financial Companies entities will be investing in such Partnership. In addition, applicants assert that strict compliance with section 17(d) would cause the Partnerships to forego investment opportunities simply because a Participant or other affiliated person of the Partnership (or any affiliate of the affiliated person) made or may make a similar investment.

8. Co-investments with Third-Party Funds, or by a Jones Financial Companies entity pursuant to a contractual obligation to a Third Party Fund, will not be subject to condition 3 below. Applicants note that it is common for unaffiliated investors in Third-Party Funds to require that Jones Financial Companies invest their own capital in Third-Party Fund investments, and that such Jones Financial Companies investments will be subject to substantially the same terms as those applicable to the Third-Party Fund. Applicants state that it is important that the interests of the Third-Party Funds take priority over the interests of the Partnerships, and that the activities of the Third-Party Funds not be burdened or otherwise affected by activities of the Partnerships. In addition, applicants assert that the relationship of a Partnership to a Third-Party Fund is fundamentally different from such Partnership's relationship with Jones Financial Companies. Applicants contend that the focus of, and the rationale for, the protections contained in the requested relief are to protect the Partnerships from any overreaching by Jones Financial Companies in the employer/employee context, whereas the same concerns are not present with respect to the Partnerships and a Third-Party Fund.

9. Section 17(e) of the Act and rule 17e–1 under the Act limit the compensation an affiliated person may receive when acting as agent or broker for a registered investment company. Applicants request an exemption from section 17(e) to permit a Jones Financial Companies entity (including the General Partner) that acts as an agent or broker, to receive placement fees, advisory fees or other compensation from a Partnership in connection with the purchase or sale by the Partnership of securities, provided that such fees are deemed ''reasonable and customary.'' Applicants state that for the purposes of the application, fees or other compensation that is charged or received by a Jones Financial Companies entity will be deemed ''reasonable and customary'' only if (a) the Partnership is purchasing or selling securities alongside other unaffiliated third parties (including Third-Party Funds) who are also similarly purchasing or selling securities, (b) the fees or other compensation that are being charged to the Partnership are also being charged to the unaffiliated third parties (including Third-Party Funds), and (c) the amount of securities being purchased or sold by the Partnership does not exceed 50% of the total amount of securities being purchased or sold by the Partnership and the unaffiliated third parties (including Third-Party Funds). Applicants assert that because Jones Financial Companies does not wish to appear as if the Partnership is being treated in a more favorable manner, compliance with section 17(e) would prevent a Partnership from participating in a transaction where the Partnership is being charged lower fees than unaffiliated third parties. Applicants assert that the fees or other compensation paid by a Partnership to a Jones Financial Companies entity will be the same as those negotiated at arm's length with unaffiliated third parties.

10. Rule 17e–1(b) requires that a majority of the directors who are not ''interested persons'' (as defined in section 2(a)(19) of the Act) take actions and make approvals regarding commissions, fees or other remuneration. Applicants request an exemption from rule 17e–1 to the extent necessary to permit each Partnership to comply with the rule without having a majority of the directors of the General Partner who are not ''interested persons'' take actions and make approvals as set forth in the rule. Applicants state that because all the directors of the General Partner will be affiliated persons, without the relief requested, a Partnership could not comply with rule 17e–1. Applicants state that each Partnership will comply with rule 17e–1 by having a majority of the directors of the General Partner take such actions and make such approvals as are set forth in rule 17e–1. Applicants state that each Partnership will comply with all other requirements of rule 17e–1.

11. Section 17(f) designates the entities that may act as investment company custodians, and rule 17f–1 imposes certain requirements when the custodian is a member of a national securities exchange. Applicants request an exemption from section 17(f) and rule 17f–1 to the extent necessary to permit a Jones Financial Companies entity to act as custodian without a written contract. Applicants also request an exemption from the rule 17f–1(b)(4) requirement that an independent account conduct periodic verifications. Applicants state that, because of the community of interest between Jones Financial Companies and the Partnerships and the existing requirement of an independent audit, compliance with these requirements would be unnecessarily burdensome and expensive. Applicants will comply with all other requirements of rule 17f–1.

12. Section 17(g) and rule 17g–1 generally require the bonding of officers and employees of a registered investment company who have access to its securities or funds. Rule 17g–1 requires that a majority of directors who are not interested persons take certain actions and give certain approvals relating to fidelity bonding. Applicants requests relief to permit the General Partner's directors, who may be deemed interested persons, to take actions and make determinations as set forth in the rule. Applicants state that, because all of the directors of the General Partner will be affiliated persons, a Partnership could not comply with rule 17g–1 without the requested relief. Specifically, each Partnership will comply with rule 17g–1 by having a majority of the directors of the General Partner take such actions and make such approvals as are set forth in rule 17g–1. Applicants also state that each

Partnership will comply with all other requirements of rule 17g–1.

13. Section 17(j) and rule 17j–1 make it unlawful for certain enumerated persons to engage in fraudulent or deceptive practices in connection with the purchase or sale of a security held or to be acquired by a registered investment company. Rule 17j–1 also requires that every registered investment company adopt a written code of ethics and that every access person of the investment company report personal securities transaction. Applicants request an exemption from the provisions of rule 17j–1, except for the anti-fraud provisions of paragraph (b), because they are unnecessarily burdensome as applied to the Partnerships.

14. Applicants request an exemption from the requirements in sections 30(a), 30(b) and 30(e), and the rules under those sections, that registered investment companies prepare and file with the Commission and mail to their shareholders certain periodic reports and financial statements. Applicants contend that the forms prescribed by the Commission for periodic reports have little relevance to a Partnership and would entail administrative and legal costs that outweigh any benefit to the Participants. Applicants request exemptive relief to the extent necessary to permit each Partnership to report annually to its Participants. Applicants also request an exemption from section 30(h) to the extent necessary to exempt the General Partner of each Partnership or others who may be deemed members of an advisory board of such Partnership from filing Forms 3, 4 and 5 under section 16(a) of the 1934 Act with respect to their ownership of Interests in such Partnership. Applicants assert that, because there will be no trading market and the transfers of Interests are severely restricted, these filings are unnecessary for the protection of investors and burdensome to those required to make them.

Applicant's Conditions

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

1. Each proposed transaction otherwise prohibited by section 17(a) or section 17(d) and rule 17d–1 to which a Partnership is a party (the ''Section 17 Transactions'') will be effected only if the General Partner determines that: (a) The terms of the transaction, including the consideration to be paid or received, are fair and reasonable to the Partners of such Partnership and do not involve overreaching of such Partnership or its Partners on the part of any person concerned; and (b) the transaction is consistent with the interests of the Partners of such Partnership, such Partnership's organizational documents and such Partnership's report to its Partners.

In addition, the General Partner of each Partnership will record and preserve a description of Section 17 Transactions, the General Partner's findings, the information or materials upon which the General Partner's findings are based and the basis for the findings. All records relating to an investment program will be maintained until the termination of such investment program and at least two years thereafter, and will be subject to examination by the Commission and its staff.[3]

2. In connection with the Section 17 Transactions, the General Partner of each Partnership will adopt, and periodically review and update, procedures designed to ensure that reasonable inquiry is made, prior to the consummation of any Section 17 Transaction, with respect to the possible involvement in the transaction of any affiliated person or promoter of or principal underwriter for such Partnership, or any affiliated person of such a person, promoter or principal underwriter.

3. The General Partner of each Partnership will not invest the funds of such Partnership in any investment in which a ''Coinvestor'' (as defined below) has acquired or proposes to acquire the same class of securities of the same issuer, if the investment involves a joint enterprise or other joint arrangement within the meaning of rule 17d–1 in which such Partnership and the Coinvestor are participants, unless any such Coinvestor, prior to disposing of all or part of its investment (a) gives such General Partner sufficient, but not less than one day's, notice of its intent to dispose of its investment; and (b) refrains from disposing of its investment unless such Partnership has the opportunity to dispose of such Partnership's investment prior to or concurrently with, and on the same terms as, and pro rata with the Coinvestor. The term ''Coinvestor'' with respect to any Partnership means any person who is: (a) An ''affiliated person'' (as such term is defined in section 2(a)(3) of the Act) of such Partnership (other than a Third-Party Fund); (b) Jones Financial Companies; (c) an officer or director of Jones Financial Companies; or (d) an entity (other than a Third-Party Fund) in which the General Partner acts as a general partner or has a similar capacity to control the sale or other disposition of the entity's securities. The restrictions contained in this condition, however, will not be deemed to limit or prevent the disposition of an investment by a Coinvestor: (a) To its direct or indirect wholly owned subsidiary, to any company (a ''parent'') of which such Coinvestor is a direct or indirect wholly owned subsidiary, or to a direct or indirect wholly owned subsidiary of its parent; (b) to immediate family members of such Coinvestor or a trust or other investment vehicle established for any such family member; (c) when the investment is comprised of securities that are listed on any exchange registered as a national securities exchange under section 6 of the 1934 Act; (d) when the investment is comprised of securities that are national market system securities pursuant to section 11A(a)(2) of the 1934 Act and rule 11Aa2–1 under the 1934 Act; or (e) when the investment is comprised of securities that are listed on or traded on any foreign securities exchange or board of trade that satisfies regulatory requirements under the law of the jurisdiction in which such foreign securities exchange or board of trade is organized similar to those that apply to a national securities exchange or a national market system for securities.

4. Each Partnership and the General Partner will maintain and preserve, for the life of such Partnership and at least two years thereafter, such accounts, books, and other documents as constitute the record forming the basis for the audited financial statements that are to be provided to the Participants in such Partnership, and each annual report of such Partnership required to be sent to such Participants, and agree that all such records will be subject to examination by the Commission and its staff.[4]

5. The General Partner of each Partnership will send to each Participant in such Partnership who had an interest in any capital account of such Partnership, at any time during the fiscal year then ended, Partnership financial statements audited by such Partnership's independent accountants. At the end of each fiscal year, the General Partner will make a valuation or have a valuation made of all of the assets of the Partnership as of such

[3] Each Partnership will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

[4] Each Partnership will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

fiscal year end in a manner consistent with customary practice with respect to the valuation of assets of the kind held by the Partnership. In addition, within 120 days after the end of each fiscal year of each Partnership or as soon as practicable thereafter, the General Partner of such Partnership will send a report to each person who was a Participant in such Partnership at any time during the fiscal year then ended, setting forth such tax information as shall be necessary for the preparation by the Participant of his or its federal and state income tax forms.

6. In any case where purchases or sales are made by a Partnership from or to an entity affiliated with such Partnership by reason of a 5% or more investment in such entity by a Jones Financial Companies director, officer or employee, such individual will not participate in such Partnership's determination of whether or not to effect such purchase or sale.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 01–16556 Filed 6–29–01; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25049; 812–12478]

UBS PaineWebber Inc. et al.; Notice of Application

June 26, 2001.

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

ACTION: Notice of an application to amend a prior order under sections 6(c) and 17(b) of the Investment Company Act of 1940 (the ''Act'') exempting applicants from sections 17(a) and 17(e) of the Act, and under section 17(d) of the Act and rule 17d–1 permitting certain joint transactions.

SUMMARY OF THE APPLICATION: Applicants seek an order (''Amended Order'') to amend a prior order that permits certain registered investment companies to use cash collateral from securities lending transactions and uninvested cash to purchase shares of an unregistered investment vehicle formed and advised by UBS PaineWebber Inc. (''UBS PaineWebber'') or Brinson Advisor, Inc. (''Brinson Advisors'') or a person controlling, controlled by, or under common control with UBS-PaineWebber and Brinson Advisors (''New Fund''); UBS Paine Webber and Brinson Advisors to accept fees from certain other registered investment companies; UBS PaineWebber and certain affiliated broker-dealers to borrow portfolio securities from certain affiliated registered investment companies and to receive brokerage commissions from, and engage in principal securities transactions with, the other registered investment companies (''Prior Order'').[1]

APPLICANTS: UBS PaineWebber; Brinson Advisors; UBS PaineWebber Cashfund, Inc., Brinson Managed Investments Trust, UBS PaineWebber Managed Municipal Trust, Brinson Master Series, Inc., Brinson Financial Services Growth Fund Inc., UBS PaineWebber RMA Money Fund, Inc., UBS PaineWebber RMA Tax-Free Fund, Inc., Brinson Securities Trust, Brinson Series Trust, Strategic Global Income Fund, Inc., 2002 Target Term Trust Inc., All-American Term Trust Inc., Global High Income Dollar Fund Inc., Investment Grade Municipal Income Fund Inc., Insured Municipal Income Fund Inc., UBS PaineWebber Municipal Money Market Series, Brinson Investment Trust, Liquid Institutional Reserves, PaineWebber PACE Select Advisors Trust, Brinson Index Trust, Managed High Yield Plus Fund Inc., and Brinson Money Series (collectively, the ''Affiliated Funds'').

FILING DATES: The application was filed on March 15, 2001 and amended on June 13, 2001.

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 July 23, 2001, 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 20549–0609. Applicants, 1285 Avenue of the Americas, New York, New York 10019.

FOR FURTHER INFORMATION CONTACT: Marilyn Mann, Senior Counsel, at (202) 942–0582, or Mary Kay Frech, 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, 460 Fifth Street, NW., Washington, DC 20549–0102 (tel. 202–942–8090).

Applicant's Representations

1. Each Affiliated fund is registered as an open-end or closed-end investment company under the Act. USB PaineWebber, a wholly owned subsidiary of UBS Americas Inc., currently serves as investment adviser and Brinson Advisors, also a wholly owned subsidiary of USB Americas Inc., serves as sub-adviser to USB PaineWebber Cashfund, Inc., UBS PaineWebber RMA Money Fund, Inc., UBS PaineWebber RMA Tax-Free Fund, Inc., UBS PaineWebber Managed Municipal Trust, UBS PaineWebber Municipal Money Market Series and Liquid Institutional Reserves. Brinson Advisors serves as investment adviser to the remaining Affiliated Funds.[2] UBS PaineWebber and Brinson Advisors are broker-dealers registered under the Securities Exchange Act of 1934, and investment advisers registered under the Investment Advisers Act of 1940.

2. On July 21, 1998, the Commission issued the Prior Order under sections 6(c) and 17(b) of the Act granting an exemption from sections 17(a) and 17(e) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act, permitting certain joint transactions. The Prior Order permits: (a) The Affiliated Funds and any other registered investment company or series thereof that may invest in shares of beneficial interest (''Shares'') issued by New Fund (each such other registered investment company, an ''Other Fund'' and collectively, the ''Other Funds'' and, together with the Affiliated Funds, the ''Investing Funds''), to purchase and redeem Shares issued by New Fund

[1] PaineWebber America Fund, Investment Company Act Release Nos. 23284 (June 24, 1998) (notice) and 23322 (July 21, 1998) (order).

[2] Applicants request that the Amended Order also apply to any other registered investment company or series thereof that currently is, or in the future may be, advised by UBS PaineWebber or Brinson Advisors or any other entity controlling, controlled by, or under common control (as defined in section 2(a)(9) of the Act) with, UBS PaineWebber or Brinson Advisors. All registered investment companies advised by UBS PaineWebber or Brinson Advisors or an entity controlling, controlled by, or under common control with UBS PaineWebber or Brinson Advisors that currently intend to rely on the Amended Order have been named as applicants. Any other existing or future registered investment companies that may rely on such relief in the future will do so in accordance with the terms and conditions of the application.