access to government energy-related loan programs. Interest on loans and imputed interest on lease payments will range from zero percent to the then prevailing market rate. The obligations may either be secured or unsecured, will generally be evidenced by promissory notes and will have maturities not exceeding five years. The aggregate amount of such outstanding obligations at any one time will not exceed $20 million.

The authorization requested with respect to the acquisition of securities of an EIMCo or any EIM Subsidiaries or EIM JVs shall expire upon the first to occur of: (1) December 31, 1998; and (2) the adoption by the Commission of proposed rule 58 (HCAR No. 26313, June 20, 1995) or such other rule, regulation or order as shall exempt the transactions as proposed from section 9(a) of the Act. The authorization requested with respect to financing transaction shall, upon the enactment of Rule 58, extend to any energy-related company, as defined in Rule 58, which is a subsidiary company of GPU and engaged in the EIM Business.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–14356 Filed 6–6–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 21999; 812–10010]

GMO Trust and Grantham, Mayo, Van Otterloo & Co.; Notice of Application

May 31, 1996.

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

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

APPLICANTS: GMO Trust and Grantham, Mayo, Van Otterloo & Co. (''GMO'').

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act from sections 12(d)(1) (A) and (B) of the Act and under sections 6(c) and 17(b) of the Act from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit certain series of GMO Trust to operate as ''funds of funds.''

FILING DATES: The application was filed on February 23, 1996 and amended on May 23, 1996.

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 25, 1996, and should be accompanied by proof of service on applicants, in the form of an affidavit, or, for lawyers, a certificate or 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, 40 Rowes Wharf, Boston, MA 02110.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942–0562, or Alison E. Baur, 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.

Applicants' Representations

1. GMO Trust is an open-end series management investment company organized as a Massachusetts business trust. GMO Trust's existing and prospective shareholders are highly sophisticated individual investors and institutional investors such as endowments, foundations, international tax-exempt organizations, and ERISA/pension funds. The minimum initial investment in the GMO Trust is $10,000,000. GMO Trust consists of 22 separate series (each a ''Portfolio''), including: International Equity Allocation Fund; Global Equity Allocation Fund; U.S. Equity with International Allocation Fund; and Global Balanced Allocation Fund (collectively, the ''Allocation Funds''). Each Allocation Fund is designed to serve the needs and objectives of long-term investors who seek a simple and cost-effective response to their asset allocation demands.

2. GMO is a Massachusetts general partnership registered as an investment adviser under the Investment Advisers Act of 1940 that serves each Portfolio, including the Allocation Funds, as investment adviser and principal underwriter. With respect to each Portfolio, GMO voluntarily reduces its management fees and bears certain expenses to the extent that each portfolio's total annual operating expenses, excluding certain expenses such as brokerage commissions, extraordinary expenses, and transfer taxes exceed specified percentages of net assets (the ''Voluntary Expense Limits''). The Voluntary Expense Limits vary among Portfolios primarily because of each Portfolio's type of asset class and the style of GMO's management. In the case of each Allocation Fund, GMO expects to waive any advisory fees, and bear expenses, to the extent that the Allocation Fund's total operating costs would exceed the relevant Voluntary Expense Limit.

3. Applicants propose a fund of funds arrangement whereby each Allocation Fund will invest in shares of Portfolios other than Allocation Funds (the ''Underlying Funds''). Applicants request that any relief granted pursuant to the application also apply to any future Portfolio and to any open-end management investment company that currently or in the future is part of the same ''group of investment companies,'' as defined in rule 11a–3 under the Act, as GMO Trust (collectively, the ''GMO Funds'').[1]

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of any other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 6(c) of the Act provides that the SEC may exempt persons or transactions from any provision of the Act if 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 request an order

[1] Rule 11a–3 under the Act defines a ''group of investment companies'' as two or more companies that: (a) hold themselves out to investors as related companies for purposes of investment and investor services; and (b) that have a common investment adviser or principal underwriter.

permitting each Allocation Fund to acquire shares of the Underlying Funds in excess of the limits imposed under section 12(d)(1).

3. The restrictions in section 12(d)(1) were intended to prevent certain abuses perceived to be associated with the pyramiding of investment companies, including: (a) undue influence by the fund holding company over its underlying funds through the threat of large scale redemptions of the securities of the underlying funds; (b) layering of costs, *e.g.* sales loads, advisory fees, and administrative costs; and (c) creation of structure that could cause investor confusion. For the following reasons, applicants believe that the proposed arrangement will not create these dangers and, therefore, that the requested relief is appropriate.

4. Applicants argue that the proposed arrangement will be structured to minimize large scale redemption concerns. Each Allocation Fund seeks to provide existing and prospective long-term investors with a sophisticated asset allocation service on a cost-effective basis. This investment objective will not result in large-scale redemptions from the Underlying Funds, but rather will involve small adjustments on a continuing basis to maintain balance in the allocation of investors' assets among the Underlying Funds. Thus, applicants assert that the operation of each Allocation Fund actually decreases the possibility for undue influence to any particular Underlying Fund through a threat of redemption.

5. Applicants state that the proposed arrangement will not raise the fee layering concerns contemplated by section 12(d)(1). The proposed arrangement will not involve the layering of advisory fees since, before approving any advisory contract the board of trustees of each Allocation Fund, including a majority of the trustees who are not ''interested persons,'' as defined in section 2(a)(19) of the Act, will find that the advisory fees charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided under any Underlying Fund advisory contract. In addition, the proposed structure will not involve layering of sales charges. Currently, neither the Allocation Funds nor the Underlying Funds impose sales charges or 12b–1 fees. Although one or more GMO Funds may charge a sales load in the future, any sales charges or service fees relating to the shares of an Allocation Fund will not exceed the limits set forth in Article III, section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (''NASD'') when aggregated with any sales charges or service fees that an Allocation Fund pays relating to Underlying Portfolio shares. Applicants contend that although an Allocation Fund shareholder may pay advisory fees for the Allocation Funds directly and advisory fees for the Underlying Funds indirectly, these advisory fees are not unfair nor excessive because the shareholder is obtaining different services through different advisory contracts.

6. Applicants also state that the proposed arrangement will not be confusing to investors. Applicants assert that each Allocation Fund's structure will illuminate rather than confuse its shareholders about the value and nature of their holdings. The prospectus for each Allocation Fund will state its investment objective and apprise shareholders of what Portfolios constitute Underlying Funds for their investment. In addition, GMO Trust's existing and prospective shareholders are highly sophisticated individuals or institutional investors able to understand and bear the risks of such investments.

7. Section 17(a) of the Act makes it unlawful for an affiliated person of a registered investment company to sell securities to, or purchase securities from, the company. The Allocation Funds and the Underlying Funds are considered affiliated persons because they are under the common control of GMO. An Underlying Fund's issuance of its shares to an Allocation Fund may be considered a sale prohibited by section 17(a).

8. Section 17(b) of the Act provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general provisions of the Act. Applicants request an exemption under sections 6(c) and 17(b) to allow the above transactions.

9. Applicants believe that the proposed transactions meet the standards of sections 6(c) and 17(b). The consideration paid for the sale and redemption of Underlying Fund shares will be without a sales load and at the same price that is available to other investors. The Allocation Funds' purchase and sale of Underlying Fund shares is consistent with the Allocation Funds' policies, as set forth in GMO Trust's registration statements. Applicants also believe that the proposed transactions are consistent with the general purposes of the Act.

Applicants' Conditions

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

1. Each Allocation Fund and each Underlying Fund will be part of the same ''group of investment companies,'' as defined in rule 11a–3 under the Act.

No Underlying Fund will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

3. A majority of the board of trustees of GMO Trust will not be ''interested persons,'' as defined in section 2(a)(19) of the Act.

4. Before approving any advisory contract for an Allocation Fund under section 15, the board of trustees including a majority of the trustees who are not ''interested persons'' as defined in section 2(a)(19), shall find that advisory fees charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided under any Underlying Fund's advisory contract. Such finding, and the basis upon which the finding was made, will be recorded fully in the minute books of GMO Trust.

5. Any sales charges or distribution-related fees charged with respect to shares of an Allocation Fund, when aggregated with any sales charges and distribution-related fees paid by the Allocation Fund with respect to shares of the Underlying Funds, shall not exceed the limits set forth in Article III, section 26, of the Rules of Fair Practice of the NASD.

6. Applicants agree to provide the following information, in electronic format, to the Chief Financial Analyst of the SEC's Division of Investment Management: monthly average total assets for each Allocation Fund and each of its Underlying Funds; monthly purchases and redemptions (other than by exchange) for each Allocation Fund and each of its Underlying Funds; monthly exchanges into and out of each Allocation Fund and each Underlying Fund; month-end allocations of each Allocation Fund portfolio's assets among the Underlying Funds; annual expense ratios for each Allocation Fund and each Underlying Fund; and a description of any vote taken by the shareholders of any Underlying Fund, including a statement of the percentage of votes cast for and against the proposal by each Allocation Fund and by the other shareholders of the Underlying Fund. Such information will be

provided as soon as reasonably practicable following each fiscal year-end of the GMO Trust (unless the Chief Financial Analyst shall notify applicants in writing that such information need no longer be submitted).

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–14360 Filed 6–6–96; 8:45 am]

BILLING CODE 8010–01–M

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (INCSTAR Corporation, Common Stock, $.01 Par Value) File No. 1-9800

June 3, 1996.

INCSTAR Corporation (''Company'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified security (''Security'') from listing and registration on the American Stock Exchange, Inc. (''Amex'').

The reasons alleged in the application for withdrawing the Security from listing and registration include the following:

According to the Company, its Board of Directors unanimously approved resolutions on February 28, 1996 to withdraw the Security from listing on the Amex and instead, to list the Security on the National Association of Securities Dealers Automated Quotations National Market System (''Nasdaq/NMS'').

The decision of the Board followed a thorough study of the matter and was based upon the belief that listing the Security on the Nasdaq/NMS will be more beneficial to the Company's stockholders than the present listing on the Amex for the following reasons:

(a) The Nasdaq/NMS system of competing market makers should result in increased visibility and sponsorship for the Security of the Company than is currently the case under the single specialist system on the Amex;

(b) Greater liquidity and less volatility in prices per share when trading volume is light might be expected as a result of listing on the Nasdaq/NMS than is presently the case on the Amex;

(c) Listing on the Nasdaq/NMS system might be expected to result in there being a greater number of market makers in the Security of the Company and expanded capital base available for trading in such stock; and

(d) Because it might be expected that a larger number of firms will make a market in the Security, it might also be expected that there will be a greater interest in information and research reports respecting the Company and as a result there may be an increase in the number of institutional research and advisory reports reaching the investment community with respect to the Company.

Any interested person may, on or before June 24, 1996 submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan F. Katz,

Secretary.

[FR Doc. 96–14354 Filed 6–6–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37257; International Series Release No. 989; File No. SR–CBOE–96–33]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating To Strike Prices for Options on the Mexican Indice de Precios y Cotizaciones

May 30, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78c(b)(1), notice is hereby given that on May 30, 1996, the Chicago Board Options Exchange, Incorporated (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'' or ''SEC'') the proposed rule change as described in Items, I, II, and III below, which items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CBOE hereby gives notice that it proposes to add Interpretation .06 to Rule 24.9, Terms of Index Option Contracts, concerning the use of ''implied forward levels'' instead of the ''current index level'' in determining the strike prices to add for options on the Indice de Precios y Cotizaciones (''IPC'' or ''Index'').

The text of the proposed rule change is available at the Office of the Secretary, CBOE and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of this rule proposal is to permit the Exchange to list strike prices on the IPC based upon the ''implied forward level'' instead of upon the current index level. Currently, under Interpretation .05 to Rule 24.9, the Exchange may list strike prices, except in the case of long-term options, up to the lesser of 50 points or 15% above or below the current index level. In the case of long-term options (other than reduced value long-term options), the Exchange may list strike prices within 25% of the current index level.

Because of the high prevailing market interest rates in Mexico (currently about 28%), CBOE believes that centering strike prices around the current index value is impractical. Although IPC options are traded in terms of U.S. dollars, they are priced using these high Mexican rates. According to CBOE, high interest rates imply a high cost of holding the underlying securities because an investor must borrow at 28% to purchase the Mexican securities) or forego earning 28% on money previously invested). Therefore, over a given period of time, for example three months, the expected value of the IPC is approximately 7% (28% times ¼