

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

The Security has been listed for trading on the Amex and, pursuant to a Registration Statement of Form 8-A which became effective on May 27, 1998, on the New York Stock Exchange, Inc. ("NYSE"). Trading in the Company's Security under the name "M&T Bank Corporation" commenced on the NYSE at the opening of business on June 1, 1998, and concurrently therewith such Security was suspended from trading on the Amex.

The Company complied with Amex Rule 18 by filing with the Exchange a certified copy of resolutions adopted by the Company's Board of Directors authorizing the withdrawal of the Security from listing and registration on the Amex and by setting forth in detail to the Exchange the reasons and facts supporting the withdrawal.

In deciding to withdraw its Security from listing and registration on the Amex, the Company considered the direct and indirect costs and the division of the market resulting from a dual listing on the NYSE and the Amex.

By letter dated May 22, 1998, the Amex informed the Company that it has no objection to the withdrawal of the Company's Security from listing and registration on the Amex.

By reason of Section 12(b) of the Act and the rules and regulations thereunder, the Company shall continue to be obligated to file reports with the Commission and the NYSE under Section 13 of the Act.

Any interested person may, on or before July 16, 1998, 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 Exchange 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 G. Katz,**  
Secretary.

[FR Doc. 98-17434 Filed 6-30-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

### Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Oak Industries Inc., Common Stock, \$.01 Par Value, Together With Junior Preferred Stock Purchase Rights Expiring December 7, 2005) File No. 1-4474

June 24, 1998.

Oak Industries Inc. ("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 Securities ("Securities") from listing and registration on the Pacific Exchange, Inc. ("PCX" or "Exchange").

The reasons cited in the application for withdrawing the Securities from listing and registration include the following:

The Securities currently are listed for trading on both the PCX and New York Stock Exchange, Inc. ("NYSE").

The Company complied with PCX Rule 3.4(b) by filing with the Exchange a certified copy of resolutions adopted by the Company's Board of Directors authorizing the withdrawal of the Securities from listing and registration on the PCX and by setting forth in detail to the Exchange the reasons and facts supporting the withdrawal.

In deciding to withdraw its Securities from listing and registration on the PCX, the Company considered the administrative burden of complying with the listing requirements and rules of governance of both the PCX and the NYSE and the direct and indirect costs and expenses attendant in maintaining the dual listing of the Securities.

By letter dated June 3, 1998, the PCX informed the Company that it had approved the Company's request to withdraw the Securities from listing and registration on the PCX.

By reason of Section 12(b) of the Act and the rules and regulations thereunder, the Company shall continue to be obligated to file reports with the Commission and the NYSE under Section 13 of the Act.

Any interested person may, on or before July 16, 1998, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549, facts bearing upon whether the application has been made in accordance with the rules of the Exchange 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 G. Katz,**  
Secretary.

[FR Doc. 98-17433 Filed 6-30-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23284; 812-10620]

### PaineWebber America Fund et al.; Notice of Application

June 24, 1998.

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

**ACTION:** Notice of application for an order under sections 6(c) and 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 17(a) and (e) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint transactions.

**SUMMARY OF APPLICATION:** Applicants request an order to permit certain registered investment companies to use cash collateral from securities lending transactions and uninvested cash to purchase shares ("Shares") of a private investment company ("New Fund") advised by Mitchell Hutchins Asset Management Inc. ("Mitchell Hutchins"); PaineWebber Incorporated ("PaineWebber") and Mitchell Hutchins to accept fees from certain other registered investment companies that are affiliated persons solely because they hold 5% or more of the Shares of the New Fund (the "Other Funds"); and PaineWebber and certain affiliated broker-dealers to borrow portfolio securities from certain affiliated registered investment companies and to receive brokerage commissions from, and to engage in principal securities transactions with, the Other Funds.

**APPLICANTS:** PaineWebber; Mitchell Hutchins; PaineWebber America Fund, PaineWebber Cashfund, Inc., PaineWebber Investment Series, PaineWebber Managed Assets Trust, PaineWebber Managed Investments Trust, PaineWebber Managed Municipal Trust, PaineWebber Master Series, Inc., PaineWebber Municipal Series, PaineWebber Mutual Fund Trust, PaineWebber Olympus Fund,

PaineWebber Financial Services Growth Fund Inc., PaineWebber RMA Money Fund, Inc., PaineWebber RMA Tax-Free Fund, Inc., PaineWebber Securities Trust, Mitchell Hutchins Series Trust, Strategic Global Income Fund, Inc., 2002 Target Term Trust Inc., All-American Term Trust Inc., Global High Income Dollar Fund Inc., Global Small Cap Fund Inc., Investment Grade Municipal Income Fund Inc., Insured Municipal Income Fund Inc., Managed High Yield Fund Inc., PaineWebber Municipal Money Market Series, PaineWebber Investment Trust, PaineWebber Investment Trust II, Liquid Institutional Reserves, PaineWebber PACE Select Advisors Trust, PaineWebber Index Trust, Managed High Yield Plus Fund Inc., Mitchell Hutchins Institutional Series (collectively, the "Affiliated Funds"), and any other registered investment company, or series thereof, which currently is or in the future may be advised by Mitchell Hutchins or PaineWebber, or any entity controlling, controlled by, or under common control with PaineWebber or Mitchell Hutchins,<sup>1</sup> that may purchase Shares of New Fund; and any Other Fund.

**FILING DATES:** The application was filed on April 17, 1997. Applicants have agreed to file an amendment, the substance of which is incorporated in this notice, during the notice period.

**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 July 20, 1998, and should be accompanied by proof of service on the 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, 1285 Avenue of the Americas, New York, New York 10019.

**FOR FURTHER INFORMATION CONTACT:** Brian T. Hourihan, Senior Counsel, at (202) 942-0526, 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 from the SEC's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549 (tel. (202) 942-8090).

#### Applicants' Representations

1. The Affiliated Funds are registered under the Act as either closed-end or open-end management investment companies. PaineWebber and Mitchell Hutchins, each an investment adviser registered under the Investment Advisers Act of 1940 ("Advisers Act"), serve as investment adviser and sub-adviser, respectively, to PaineWebber Cashfund, Inc., PaineWebber RMA Money Fund, Inc., PaineWebber RMA Tax-Free Fund, Inc., PaineWebber Managed Municipal Trust, PaineWebber Municipal Money Market Series, and Liquid Institutional Reserves. Mitchell Hutchins is a wholly-owned subsidiary of PaineWebber and serves as investment adviser to the remaining Affiliated Funds. Both PaineWebber and Mitchell Hutchins are registered as broker-dealers under the Securities Exchange Act of 1934. PaineWebber, Mitchell Hutchins, and any other broker-dealer controlled by or under common control with PaineWebber are referred to as "Affiliated Broker-Dealers."

2. Each Affiliated Fund is permitted under its investment objectives, policies, and restrictions to lend its portfolio securities. PaineWebber has been authorized by the board of directors/trustees of each Affiliated Fund (the "Board") to act as securities lending agent for the Fund. The PaineWebber personnel providing day-to-day lending agency services to the Affiliated Funds do not provide investment advisory services to the Funds, or participate in any way in the selection of portfolio securities or other aspects of the management of the Funds. In addition, depending on the particular Affiliated Fund, PaineWebber's activities as lending agent are conducted under the supervision of investment management personnel of the Affiliated Fund's investment adviser, who are not in any manner involved in PaineWebber's lending agency operations. PaineWebber also provides securities lending agency services to various other clients, including the Other Funds.

3. PaineWebber, as lending agent for the Affiliated Funds, is responsible for

soliciting borrowers of portfolio securities ("Borrowers"), monitoring daily the value of the loaned securities and collateral, and performing other administrative functions. PaineWebber, under the supervision of each Affiliated Fund's investment adviser enters into loans with pre-approved Borrowers on terms that have been pre-approved by the Fund's investment adviser. At present, the Affiliated Funds may not lend portfolio securities to PaineWebber. Applicants request that the Affiliated Funds, as well as the Other Funds, have the flexibility to lend their securities to any Affiliated Broker-Dealer.

4. Each Borrower of an Affiliated Fund's portfolio securities is required to tender collateral to the Fund's custodian in the form of cash, U.S. Government securities, or irrevocable letters of credit. When the collateral consists of U.S. government securities or letters of credit, PaineWebber typically negotiates on behalf of the Affiliated Fund a lending fee to be paid by the Borrower to the Affiliated Fund. Alternatively, when the collateral consists of cash ("Cash Collateral"), the Affiliated Fund, instead of receiving a separate lending fee, typically receives a portion of the return earned on the investment of the Cash Collateral by or under the direction of the Fund's investment adviser. For its services as lending agent to the Affiliated Funds, PaineWebber is permitted to receive fees based on a share of the revenue generated from securities lending transactions for the Affiliated Funds.<sup>2</sup>

5. Affiliated Funds and Other Funds may have uninvested cash ("Uninvested Cash") on hand from a variety of sources. Uninvested Cash may result from dividend or interest payments, unsettled securities transactions, reserves held for future investments, scheduled maturity of investments, liquidation of portfolio securities, as well as cash received from new investors.

6. Currently, the Affiliated Funds invest their Cash Collateral and Uninvested Cash in short-term money market instruments. Applicants propose to create the New Fund to serve as an alternative investment option for the Affiliated Funds, the Other Funds, and other clients of PaineWebber and Mitchell Hutchins for the investment of Cash Collateral and Uninvested Cash. The New Fund may be organized as a New York or Delaware business trust or

<sup>1</sup> All existing Affiliated Funds that currently intend to rely on the order have been named as applicants. Any other existing or future Affiliated Funds that may rely on the order in the future will do so in accordance with the terms and conditions in the application.

<sup>2</sup> See *PaineWebber America Fund, et al.*, Investment Company Act Release Nos. 22541 (March 4, 1997) (notice) and 22594 (Apr. 1, 1997) (order).

limited liability company and will be comprised of one or more separate investment series. The New Fund will operate as a private investment company in reliance on section 3(c)(7) of the Act. The New Fund will offer daily redemption of its shares at the current net asset value per Share. The New Fund will not impose any sales load, redemption or asset-based distribution fees. By investing in the New Fund, the Affiliated and Other Funds anticipate that they will be able to lower transaction costs, increase liquidity, achieve greater diversification, and enjoy greater returns in connection with their investment of Cash Collateral and Uninvested Cash.

7. Applicants intend to operate the initial investment series of the New Fund as a money market portfolio that values its securities based on the amortized cost method and complies with rule 2a-7 under the Act ("Money Market Series"). Future investment series of the New Fund could operate as Money Market Series, as well as portfolios which invest in high quality securities but with longer maturities or different quality standards. Any Affiliated or Other Fund that complies with the requirements of rule 2a-7 under the Act will invest only in a Money Market Series.

8. Mitchell Hutchins or PaineWebber may serve as Trustee to the New Fund. Mitchell Hutchins will act as investment adviser to the New Fund. For acting as investment adviser, Mitchell Hutchins will receive an advisory fee from the initial series of the New Fund, but will waive its advisory fees for any Affiliated Fund to the extent necessary to avoid a duplication of advisory fees for the Affiliated Fund. In addition, PaineWebber, Mitchell Hutchins, or an affiliated person may provide administrative, accounting, transfer agent and other services to the New Fund and receive reasonable compensation for providing the services.

### Applicants' Legal Analysis

#### A. Sections 17(a), 17(b), and 17(d), and Rule 17d-1

1. Sections 17(a)(1) and 17(a)(2) of the Act make it unlawful for any affiliated person of a registered investment company, or any affiliated person of the affiliated person, acting as a principal, to sell any security to, or purchase any security from, the investment company. Section 17(a)(3) of the Act makes it unlawful for any affiliated person of a registered investment company or any affiliated person of the affiliated person, acting as principal, to borrow money or

other property from the investment company. Section 17(d) of the Act and rule 17d-1 under the Act prohibit any affiliated person of or principal underwriter for a registered investment company or any affiliated person of the affiliated person or principal underwriter, acting as principal, from effecting any transaction in connection with the any joint enterprise or other joint arrangement or profit sharing plan in which the investment company participates, unless an application regarding the joint transaction has been filed with the Commission and granted by order.

2. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include any person directly or indirectly owning, controlling, or holding with the power to vote, 5 percent of more of the outstanding voting securities of the other person, as well as any person directly or indirectly controlling, controlled by, or under common control with, the other person; and in the case of an investment company, its investment adviser. Section 2(a)(9) of the Act defines "control" to mean the power to exercise a controlling influence over the management or policies of a company.

3. The Affiliated Funds and New Fund may be deemed affiliated persons because they are advised by Mitchell Hutchins or PaineWebber. Accordingly, the sale or redemption of Shares of the New Fund by the Affiliated Funds may be prohibited under sections 17(a)(1) and 17(a)(2). Moreover, by owning more than 5 percent of the New Fund's Shares, an Other Fund may be deemed to be an affiliated person of the New Fund and thus subject to the same prohibitions. Applicants also state that the Affiliated Funds and the Other Funds by purchasing and redeeming Shares of the New Fund, PaineWebber and Mitchell Hutchins by acting as investment adviser or sub-adviser to the New Fund, PaineWebber by acting as lending agent for the Affiliated and Other Funds, and PaineWebber or Mitchell Hutchins by serving as Trustee and providing other services to the New Fund, may be deemed participants in a joint transaction under section 17(d) of the Act and rule 17d-1 under the Act.

4. Sections 17(a)(1) and 17(a)(2) also may prohibit the Affiliated Broker-Dealers, acting as principal, from selling securities to or purchasing portfolio securities from the Other Funds. Similarly, section 17(a)(3) may prohibit an Affiliated Broker-Dealer from being a Borrower of portfolio securities of the Affiliated and Other Funds. Applicants also believe that the proposed lending of portfolio securities by the Affiliated and

Other Funds to the Affiliated Broker-Dealers may be deemed to involve a "joint enterprise or joint arrangement or profit-sharing plan" within the meaning of section 17(d) and rule 17d-1.

5. Section 17(b) of the Act authorizes the Commission to exempt a transaction from section 17(a) if the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person, the transaction is consistent with the policy of each registered investment company, and the general purposes of the Act. Section 6(c) of the Act authorizes the Commission to exempt any class of transactions from any provision of the Act if the 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. Under rule 17d-1, in passing on applications for orders under section 17(d), the Commission considers whether the company's participation in the proposed transaction is consistent with the provisions, policies, and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

6. Applicants request an order under sections 6(c), 17(b), and 17(d) of the Act and rule 17d-1 under the Act to permit the Affiliated and Other Funds to purchase Shares of the New Fund. Applicants submit that the terms of the proposed transactions are reasonable and fair and do not involve overreaching because the Affiliated and Other Funds will be treated like any other shareholder in the New Fund and will purchase and redeem Shares on the same terms as Shares are purchased and redeemed by other investors in the New Fund. Applicants also state that the New Fund will not impose any sales load, redemption or asset-based distribution fee, and that PaineWebber or Mitchell Hutchins, as applicable, will waive advisory fees paid to it by an Affiliated Fund, to the extent necessary to avoid a duplication of advisory fees for the Affiliated Funds as a result of their investment in the New Fund. Finally, applicants state that the New Fund will comply with the provisions of the Act relating to prohibitions on affiliated transactions, leveraging and the issuance of senior securities, and rights of redemption.

7. Applicants submit that investment in the New Fund of Cash Collateral and Uninvested Cash will be consistent with the policy of each Affiliated or Other Fund, as recited in its registration

statement and reports filed under the Act. Applicants state that any Affiliated or Other Fund that complies with the requirements of rule 2a-7 under the Act will invest only in a Money Market Series of the New Fund; and that the investment of Cash Collateral in the New Fund will be conducted in accordance with the SEC staff's securities lending guidelines.

8. Applicants request an order under sections 6(c) and 17(b) of the Act to permit the Affiliated Broker-Dealers to engage in principal transactions with the Other Funds. Applicants state that each such transaction between an Other Fund and an Affiliated Broker-Dealer will be the product of arms-length bargaining because each Other Fund has its own investment adviser that is not controlled by the Affiliated Broker-Dealer and that, in economic reality, may be a competitor of the Affiliated Broker-Dealer.

9. Applicants request an order under sections 6(c) and 17(b) of the Act exempting them from section 17(a)(3) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act, to permit the Affiliated Broker-Dealers to be Borrowers of portfolio securities from an Affiliated or Other Fund. Applicants state that each loan to an Affiliated Broker-Dealer by an Affiliated Fund will be made with a spread that is no lower than that applied to comparable loans to unaffiliated broker-dealers.<sup>3</sup> In this regard, applicants state that at least 50% of the loans made by the Affiliated Fund, on an aggregate basis, will be made to unaffiliated Borrowers. Moreover, all loans will be made with spreads that are no lower than those set forth in a schedule of spreads established by directors/trustees of each Affiliated Fund who are not "interested persons" as defined in section 2(a)(19) of the Act (the "Disinterested Directors") (the "Lending Committee") and all transactions with the Affiliated Broker-Dealers will be reviewed periodically by the officers of the Affiliated Funds and by the Boards of the Affiliated Funds. Lastly, the Lending Committee will review detailed quarterly compliance reports on all lending activity.

10. Applicants also request an order under section 17(d) of the Act and rule 17d-1 under the Act to permit PaineWebber to receive lending agency fees from the Other Funds based on a

share of securities lending revenues, and Mitchell Hutchins to receive fees from the Other Funds for providing administrative and management services relating to the Cash Collateral. Applicants note that, absent the existence of New Fund and the ownership of 5 percent or more of the Shares of New Fund by an Other Fund, PaineWebber and Mitchell Hutchins may receive these fees from an Other Fund. Applicants thus assert that it is appropriate to permit PaineWebber and Mitchell Hutchins to receive the fees from the Other Funds because the affiliation between PaineWebber and Mitchell Hutchins and the Other Funds is technical in nature and the fees will be the product of arms-length bargaining.

#### *B. Section 17(e)*

11. Section 17(e)(2) of the Act makes it unlawful for any affiliated person of a registered investment company, or any affiliated person of the affiliated person, acting as broker in connection with the sale of securities to or by the investment company, to receive from any source a commission for effecting the transaction which exceeds (a) the usual and customary broker's commission if the sale is effected on a securities exchange, (b) 2 percent of the sales price if the sale is effected in connection with a secondary distribution of the securities, or (c) 1 percent of the purchase or sale price of the securities if the sale is otherwise effected.

12. Applicants request an order under section 6(c) of the Act exempting them from section 17(e)(2) of the Act as it may apply to transactions by Other Funds that are brokered by an Affiliated Broker-Dealer. Applicants state that an investment adviser for an Other Fund would have no interest in preferring or benefiting an Affiliated Broker-Dealer at the expense of the Other Fund. Applicants thus assert that brokerage transactions by the Affiliated Broker-Dealer for the Other Funds do not raise the concerns underlying section 17(e)(2).

#### **Applicants' Conditions**

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

##### *Borrowing of Portfolio Securities*

1. The Affiliated Funds, on an aggregate basis, will make at least 50% of their portfolio securities loans to unaffiliated Borrowers.

2. An Affiliated Fund will not make any loan to any Affiliated Broker-Dealer unless the income attributable to such

loan fully covers the transaction costs incurred in making the loan.

3. a. All loans will be made with spreads no lower than those set forth in a schedule of spreads which will be established and may be modified from time to time by each Affiliated Fund's Lending Committee (the "Schedule of Spreads").

b. The Schedule of Spreads will set forth rates of compensation to the Affiliated Funds that are reasonable and fair and that are determined in light of those considerations set forth in the application. The Schedule of Spreads and any modifications will be ratified by the full Board and by a majority of the Disinterested Directors.

c. The Schedule of Spreads will be uniformly applied to all Borrowers of the Affiliated Funds' portfolio securities, and will specify the lowest allowable spread with respect to a loan of securities to any Borrower.

d. If a security is lent to an unaffiliated Borrower with a spread higher than the minimum set forth in the Schedule of Spreads, all comparable loans to Affiliated Broker-Dealers will be made at no less than the higher spread.

e. The securities lending program for each Affiliated Fund will be monitored on a daily basis by an officer of each Affiliated Fund who is subject to section 36(a) of the Act. This officer will review the terms of each loan to Affiliated Broker-Dealers for comparability with loans to unaffiliated Borrowers and conformity with the Schedule of Spreads, and will periodically, and at least quarterly, report his or her findings to the Affiliated Funds' Lending Committees.

4. The Boards of the Affiliated Funds, including a majority of the Disinterested Directors, (a) will determine no less frequently than quarterly that all transactions with Affiliated Broker-Dealers effected during the preceding quarter were effected in compliance with the requirements of the procedures adopted by the Boards and the conditions of any order that may be granted and that such transactions were conducted on terms that were reasonable and fair; and (b) will review no less frequently than annually such requirements and conditions for their continuing appropriateness.

5. The Affiliated Funds will maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) which are followed in lending securities, and shall maintain and preserve for a period of not less than six years from the end of the fiscal year in which any loan occurs, the first two

<sup>3</sup> A "spread" is the compensation earned by a fund, as lender, from a securities loan, that is in the form either of a lending fee payable by the borrower to the fund (when non-cash collateral is posted) or the excess—retained by the fund—over a rebate rate payable by the fund to the borrower (when cash collateral is posted and then invested by the fund).

years in an easily accessible place, a written record of each loan setting forth the number of shares loaned, the face amount of the securities lent, the fee received (or the rebate rate remitted), the identity of the Borrower, the terms of the loan, and any other information or materials upon which the finding was made that each loan made to Affiliated Broker-Dealers was fair and reasonable, and that the procedures followed in making such loan were in accordance with the other undertakings set forth in the application.

6. The total value of securities loaned to any one broker-dealer on the approved list will be in accordance with a schedule to be approved by the Board of each Affiliated Fund, but in no event will the total value of securities lent to any one Affiliated Broker-Dealer exceed 10% of the net assets of the Affiliated Fund, computed at market.

#### *Investment of Uninvested Cash and Cash Collateral*

7. The Affiliated Funds, New Fund, and any future Affiliated Fund that relies on the order will be advised by PaineWebber, Mitchell Hutchins, or any entity controlling, controlled by, or under common control with, PaineWebber or Mitchell Hutchins.

8. A majority of the Board of an Affiliated Fund (including a majority of the Disinterested Directors), will initially and at least annually thereafter determine that investing Uninvested Cash and Cash Collateral in Shares of New Fund is in the best interests of the shareholders of the Affiliated Fund.

9. With respect to any Affiliated Fund that invests in Shares of New Fund, PaineWebber or Mitchell Hutchins will reduce its advisory fee charged to the Affiliated Fund in an amount (the "Reduction Amount") equal to the net asset value of the Affiliated Fund's holdings in New Fund multiplied by the rate at which advisory fees are charged by Mitchell Hutchins to New Fund. Any fees remitted or waived pursuant to this condition will not be subject to recoupment by PaineWebber or Mitchell Hutchins or their affiliates at a later date.

10. Investment in Shares of New Fund by an Affiliated or Other Fund will be consistent with the Affiliated or Other Fund's investment objectives and policies.

11. An Affiliated or Other Fund's Uninvested Cash and Cash Collateral will be invested in a particular investment series of the New Fund only if that investment series invests in the types of instruments that the Affiliated or Other Fund has authorized for the

investment of its Uninvested Cash and Cash Collateral.

12. Each investment series of the New Fund that uses the amortized cost method of valuation as defined in rule 2a-7 under the Act will comply with rule 2a-7. With respect to such series, Mitchell Hutchins will adopt and monitor the procedures described in rule 2a-7(c)(6) under the Act and will take such other actions as are required to be taken pursuant to such procedures. An Affiliated or Other Fund may only purchase Shares of an investment series of the New Fund using the amortized cost method of valuation if Mitchell Hutchins determines on an ongoing basis that the investment series is in compliance with rule 2a-7. Mitchell Hutchins will preserve for a period not less than six years from the date of determination, the first two years in an easily accessible place, a record of such determination and the basis upon which the determination was made. This record will be subject to examination by the Commission and the staff.

13. An Affiliated or Other Fund that complies with rule 2a-7 under the Act will not invest its Cash Collateral or Uninvested Cash in an investment series of the New Fund that does not comply with the requirements of rule 2a-7.

14. The securities lending program of each Affiliated and Other Fund will comply with all present and future applicable Commission staff positions regarding securities lending arrangements.

15. Each Affiliated or Other Fund will invest Uninvested Cash in, and hold Shares of, the New Fund only to the extent that the Affiliated or Other Fund's aggregate investment of Uninvested Cash in Shares of the New Fund does not exceed 25% of the Affiliated or Other Fund's total assets.

#### *Operation of the New Fund*

16. The New Fund will comply as to each investment series with the requirements of sections 17 (a), (d), and (e), and 18 of the Act as if the New Fund were a registered open-end investment company. With respect to all redemption requests made by an Affiliated or Other Fund, the New Fund will comply with section 22(e) of the Act. Mitchell Hutchins will, subject to approval by the Trustee, adopt procedures designed to ensure that the New Fund complies with sections 17 (a), (d), and (e), 18, and 22(e) of the Act. Mitchell Hutchins will also periodically review and periodically update as appropriate the procedures and will maintain books and records describing the procedures, and maintain the records required by rules 31a-1(b)(1),

31a-1(b)(2)(ii), and 31a-1(b)(9) under the Act. All books and records required to be made pursuant to this condition will be maintained and preserved for a period of not less than six years from the end of the fiscal year in which any transaction occurred, the first two years in an easily accessible place, and will be subject to examination by the Commission and the staff.

17. The net asset value per share with respect to Shares of the New Fund will be determined separately for each investment series by dividing the value of the assets belonging to that investment series, less the liabilities of that investment series, by the number of Shares outstanding with respect to that investment series.

18. The Shares of the New Fund will not be subject to a sales load, redemption fee, asset-based sales charge, or service fee (as defined in rule 2830(b)(9) of the Conduct Rules of the National Association of Securities Dealers).

19. Each Affiliated or Other Fund will purchase and redeem Shares of the New Fund as of the same time and at the same price, and will receive dividends and bear its proportionate share of expenses on the same basis, as other shareholders of the New Fund. A separate account will be established in the shareholder records of the New Fund for the account of each Affiliated or Other Fund.

20. The New Fund will not acquire securities of any investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-17473 Filed 6-30-98; 8:45 am]

BILLING CODE 8010-01-M

## **SECURITIES AND EXCHANGE COMMISSION**

### **Sunshine Act Meeting**

**FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT:** [63 FR 34949, June 26, 1998].

**STATUS:** Closed Meeting.

**PLACE:** 450 Fifth Street, N.W., Washington, D.C.

**DATE PREVIOUSLY ANNOUNCED:** June 26, 1998.

**CHANGE IN THE MEETING:** Time Change.

The time for the closed meeting scheduled for Wednesday, July 1, 1998, at 2:30 p.m., has been changed to 11:00 a.m.