

## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26063; 812-12972]

### Société Générale, et al.; Notice of Application

May 29, 2003.

**AGENCY:** Securities and Exchange Commission ("Commission")

**ACTION:** Notice of application for an order under section 12(d)(1)(f) of the Investment Company Act of 1940 ("Act") for an exemption from section 12(d)(1)(F)(ii) of the Act, under section 6(c) of the Act for an exemption from section 12(d)(3) of the Act and section 14(a) of the Act, and under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order that would (a) permit certain existing and future registered closed-end investment companies (each, an "SG Trust," and collectively "SG Trusts") that are sponsored by SG Cowen Securities Corporation ("SG Cowen"), or any entity controlling, controlled by or under common control with SG Cowen, to offer and sell shares to the public with a sales load that exceeds the limit in section 12(d)(1)(F); (b) permit the SG Trusts to purchase certain securities from Société Générale ("SG Paris") or other issuers that are involved in securities-related activities; (c) exempt the SG Trusts from the initial net worth requirements of section 14(a); (d) permit SG Cowen to deposit with each SG Trust the components of that SG Trust's portfolio; and (e) permit SG Paris to write certain put or index options deposited with an SG Trust and to make payments pursuant to the terms of such options to the SG Trust, and to purchase and exercise certain call options from the SG Trust.

**APPLICANTS:** SG Paris, SG Cowen, and SG Cowen Principal Protection Trust I ("SG Trust I").

**FILING DATES:** The application was filed on May 9, 2003, and amended on May 22, 2003.

**HEARING OF 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 June 23, 2003, 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: SG Cowen and SG Trust I, 1221 Avenue of the Americas, New York, New York 10020; SG Paris, 29, Boulevard Haussmann, 75009 Paris, France.

**FOR FURTHER INFORMATION CONTACT:** Jaee F. Hahn, Senior Counsel, at (202) 942-0614, or Michael W. Mundt, Senior Special Counsel, 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 Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. 202-942-8090).

#### Applicants' Representations

1. Each SG Trust will be organized as a limited life grantor trust under Delaware law and registered under the Act as a closed-end management investment company. SG Cowen, or an entity controlling, controlled by or under common control with SG Cowen, will serve as sponsor to SG Trust I and all future SG Trusts.<sup>1</sup> No SG Trust will have a separate investment adviser, but each will be managed by a board of trustees ("Board") consisting of three or more trustees, a majority of whom are not interested persons, as defined in section 2(a)(19) of the Act, of the SG Trust or SG Cowen ("Independent Trustees"). A Commercial bank or trust company, unaffiliated with SG Cowen and qualified to serve as a trustee under the Trust Indenture Act of 1939, will serve as administrator to each SG Trust to carry out the day-to-day administration of that SG Trust. SG Cowen will serve as principal underwriter, as defined in section 2(a)(29) of the Act, of the shares issued by SG Trust I. Future SG Trusts may employ different principal underwriters. The investment objectives of each SG Trust will be to preserve the initial capital of investors at maturity of the SG Trust, while also giving investors the opportunity to participate in a possible increase in the value of a securities

market index during the term of the investment.

2. SG Cowen is a broker-dealer registered with the Commission under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. ("NASD"). SG Paris is a French limited liability company, registered in France and having the status of a bank. SG Cowen and SG Paris are part of the Société Générale Group (the "Group"), an international banking and financial services group based in France that includes approximately 300 French and foreign banking and non-banking companies.

3. Before an SG Trust begins operations, SG Cowen will purchase units of the Nasdaq-100 Trust ("QQQ"),<sup>2</sup> securities issued by another ETF, or securities issued by one or more other issuers not registered or required to be registered as an investment company,<sup>3</sup> such as an operating company<sup>3</sup> (these securities are collectively referred to as "Reference Securities"). SG Cowen will purchase the Reference Securities on the open market at their market price at the time of purchase ("Purchase Price"). In addition, the Board of an SG Trust will employ an unaffiliated agent ("Independent Agent") to solicit competitive offers from at least three unaffiliated third party derivatives dealers and SG Paris to sell to SG Cowen over-the-counter put options on the Reference Securities ("Portfolio Puts").<sup>4</sup> The strike price of each Portfolio Put will equal the Purchase Price. The Independent Agent will also solicit competitive bids from at least three Unaffiliated Bidders and SG Paris to purchase from SG Cowen over-the-counter call options on the Reference Securities ("Portfolio Calls") at the same

<sup>2</sup> QQQ are units of an exchange-traded fund ("ETF"). An ETF is an investment company that is registered under the Act as an open-end management investment company or unit investment trust ("UIT") and that has received certain exemptive relief in order that its securities may be traded at "negotiated prices" on a national securities exchange in the same manner as other equity securities.

<sup>3</sup> Issuers will not include entities that rely on sections 3(c)(1) or 3(c)(7) of the Act.

<sup>4</sup> The derivatives dealers will consist of major broker-dealers and/or financial institutions that are in the business of making bids or offers on Derivatives (as defined below) and that are not affiliated persons, promoters or principal underwriters of an SG Trust, or affiliated persons of such persons ("Unaffiliated Bidders"). The Independent Agent will solicit offers only from derivatives dealers with a credit rating of A or better by S&P and A2 or better by Moody's and that are subject to bankruptcy or insolvency laws providing exemptions from any automatic stay imposed under those laws to the extent necessary to permit the liquidation of the Portfolio Puts and Index Options (as defined below).

<sup>1</sup> SG Trust I is currently the only existing SG Trust intending to rely on the requested order. Any other existing and future entity that relies on the order will comply with the terms and conditions of the application.