

matter, applicant is not a party to any litigation or administrative proceeding.

10. Applicant has no securityholders and no securities outstanding. Applicant is not now engaged and does not propose to engage in any business activities other than those necessary for the winding up of its affairs.

11. Applicant has not filed a certification of dissolution or similar document pursuant to Maryland law. Applicant's charter was forfeited pursuant to Section 3-503 of the Maryland General Corporation Law on October 30, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-21328 Filed 8-20-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Rel. No. IC-22145; 812-10138]

GE Investment Management Incorporated, et al.; Notice of Application

August 15, 1996.

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

ACTION: Notice of Application for an Order under the Investment Company Act of 1940 ("Act").

APPLICANTS: GE Investment Management Incorporated ("GEIM"); GE Investment Services Inc. ("GEIS") and GE Funds, on behalf of themselves and each open-end management investment company, or series thereof, that is or will be part of a group of investment companies that holds itself out to investors as related companies for purposes of investment and investor services (a) for which GEIM or any entity controlled by or under common control with GEIM now or in the future acts as investment adviser, or (b) for which GEIS or any entity controlling, controlled by or under common control with GEIS now or in the future acts as distributor (collectively, with the GE Funds, the "GE Family Funds" or the "Funds").¹

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from section 12(d)(1) of the Act, and under section 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: The requested order would permit applicants to create

a "fund of funds," whereby the series of GE LifeStyle Funds ("LifeStyle") would allocate substantially all of their assets among the series of the GE Funds.

FLING DATES: The application was filed on May 8, 1996, and amended on August 9, 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 September 9, 1996, 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 such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 3003 Summer Street, Stamford, Connecticut 06905.

FOR FURTHER INFORMATION CONTACT: Courtney S. Thornton, Senior Counsel, at (202) 942-0583, 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. GE Funds, a Massachusetts business trust, is registered under the Act as an open-end management investment company. GE Funds consists of eleven series, eight of which are offered currently.

2. GEIM, a Delaware corporation that is registered as an investment adviser under the Investment Advisers Act of 1940, acts as investment adviser and administrator to the existing series of GE Funds. GEIM is a wholly-owned subsidiary of General Electric Company, a publicly-held holding company. GEIS is the distributor of the GE Family Funds.

3. LifeStyle is organized as a Massachusetts business trust. LifeStyle will be registered under the Act as a non-diversified, open-end management investment company, and will operate as a "fund of funds." GEIM will serve as investment adviser to LifeStyle. Initially, LifeStyle will consist of six

series (the "Investing Funds"): GE Conservative Strategy Fund, GE Moderate Strategy Fund, and GE Aggressive Strategy Fund (collectively, the "Strategy Funds"), and GE Conservative Allocation Fund, GE Moderate Allocation Fund, and GE Aggressive Allocation Fund (collectively, the "Allocation Funds"). The Strategy Funds will not charge any rule 12b-1 fees, but will impose either a front-end sales charge of up to 4.75% or, for purchases in excess of \$1 million not subject to the front-end sales charge, a contingent deferred sales charge of up to 1% on shares held for less than one year. The Allocation Funds initially will be sold without a front-end or deferred sales charge, and will not charge any rule 12b-1 fees.

4. Substantially all of the assets of the Investing Funds will be invested in shares of any GE Family Fund that is not itself an Investing Fund (a "Portfolio Fund"). The Portfolio Funds initially will consist of the following series of GE Funds: GE U.S. Equity Fund, GE International Equity Fund, GE Fixed Income Fund, GE Short-Term Government Fund, and, potentially, GE Money Market Fund. Other GE Family Funds may be added as Portfolio Funds in the future. The Strategy Funds will invest in Class A shares of the Portfolio Funds, which generally are offered with a front-end sales charge and are subject to service and distribution fees at a combined annual rate of .50% of the average net asset value attributable to the class. The Allocation Funds will invest in Class D shares of the Portfolio Funds, which are offered without a sales charge or rule 12b-1 fees. Neither the Strategy Funds nor the Allocation Funds will pay initial sales charges in connection with the Investing Funds' investments and holdings in Portfolio Fund shares.

5. Subject to the supervision and direction of LifeStyle's board of trustees, allocations of the assets of each Investing Fund among shares of the Portfolio Funds will be made in accordance with the investment objective of the Fund. Subsequent allocations of these assets will be made, consistent with quantitative and other market and economic analyses developed by GEIM in its role as investment adviser to LifeStyle. It is contemplated that GEIM will engage an investment advisory firm to consult periodically with the board of trustees concerning changes to: (a) the Portfolio Funds in which the Investing Funds may invest; (b) the percentage range of assets that may be invested by each Investing Fund in any one Portfolio Fund; and (c) the percentage range of

¹ GE Funds is the only existing GE Family Fund that currently intends to rely on the requested order. Other existing GE Family Funds do not presently intend to rely on the requested order, but may do so in the future in accordance with the terms thereof.

assets that may be invested by each Investing Fund in equity funds and fixed-income funds. Any such agreement will be subject to section 15(a) of the Act and condition 4 below.

6. In general, the only direct expenses (other than portfolio brokerage expenses associated with short-term investment of cash, if any) payable by the Investing Funds will be the advisory and administration fee to be charged by GEIM, which may be waived initially, and certain operating expenses. Although GEIM would also earn advisory and administration fees arising by virtue of its investment advisory and administration contracts with the Portfolio Funds, these fees would not be duplicative of any fee charged directly to the Investing Funds. Although shareholders of each Investing Fund would indirectly pay their proportional share of the advisory and administration fees charged to the relevant Portfolio Fund(s), any advisory fee charged at the level of the Investing Funds would compensate GEIM for services unique to the Investing Funds and not provided at the level of the Portfolio Funds.

Applicants' Legal Analysis

A. Section 12(d)(1)

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, and to the extent that, such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants request an order under section 6(c) exempting them from section 12(d)(1)(A) and (B) to permit each Investing Fund to invest in shares of any Portfolio

Fund in excess of the percentage limitations of section 12(d)(1).

3. Section 12(d) was intended to prevent unregulated pyramiding of investment companies and the negative effects that were perceived to arise from such pyramiding. Applicants assert that, in contrast to the funds of funds of a previous era, the Investing Funds present no threat to the integrity of any other mutual fund and no irreconcilable conflicts of interest. They are, rather, a straightforward, sensible, cost-effective response to investor demand for simplification and diversification. Applicants believe that the fund of funds structure will enhance the advantages of diversification because fund managers will be able to draw on a wider range of specialized expertise in different market areas. Each Investing Fund will allow investors to rely on GEIM to determine the portion of the assets of each Investing Fund to be invested in each of several Portfolio Funds and the timing of such investments. In addition, each Investing Fund will generate benefits for the Portfolio Funds in which it invests by providing additional assets with which to generate economies of scale.

4. Applicants assert that the advisory fees charged to the Investing Funds and the Portfolio Funds would not be duplicative. If GEIM determines to increase any advisory fee borne by an Investing Fund, such fees will conform to the requirements of the conditions to the requested order, including the requirement for approval by the trustees who are not "interested persons" of the Investing Fund as that term is defined in section 2(a)(19) of the Act (the "Independent Trustees"). This requirement is designed to ensure that any advisory fee borne by an Investing Fund would be for services that augment, rather than duplicate, those advisory services provided to the Portfolio Funds. In addition, any investment consulting fee paid to an investment advisory firm engaged by GEIM will be paid by GEIM out of its advisory and administrative fee and, consequently, will have no effect on shareholders of the Investing Funds.

5. Applicants also assert that their proposal does not present any danger of excessive sales loads. The fact that there may be a payment of sales charges or service fees at both the Investing Fund and Portfolio Fund level will not permit any excessive or duplicative sales-related charges. If the sales charge structure described in the application is varied in the future, it will be done only in conformity with the NASD's restrictions on aggregate sales charges and service fees. Further, the Investing

Funds would pay no sales charges with respect to their investments in the Portfolio Funds, unless such charges had been reviewed and approved by the Investing Fund's Independent Trustees.

6. Applicants believe that the Investing Funds would pose no threat of excessive control over the Portfolio Funds. Applicants state that redemption threats and the concomitant risk of lost advisory fees would not apply in the context of a fund of funds, all of which belong to the same family of investment companies. The Investing Funds will be internal funds that will acquire only shares of other GE Family Funds.² Because GEIM affiliates are the advisers to the GE Family funds and GEIM will be the adviser to the Investing Funds, a redemption from one GE Family Fund will simply lead to the placing of the proceeds into another GE Family Fund. As no Portfolio Fund will be permitted to invest in securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act except as permitted under the Sweep Application order, there cannot be a "fund of funds of funds" structure under the terms of the application. For these reasons, applicants submit that the requested order exempting applicants from section 12(d)(1) to the extent described in the application meets the standards of section 6(c).

B. Section 17(a)

1. Section 17(a) of the Act makes it unlawful for an affiliated person of a registered investment company, or an affiliated person of such person, to sell securities to, or purchase securities from, the company. Because the Investing Funds and the Portfolio Funds are each advised by GEIM, the Investing Funds and the Portfolio Funds may be considered "affiliated persons" of each other, as defined in section 2(a)(3). Thus, purchases by the Investing Funds of the shares of the Portfolio Funds and the sale by the Portfolio Funds of their shares to the Investing Funds could be deemed to be principal transactions between affiliated persons under section 17(a).

2. Section 17(b) 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

² Applicants, with other parties, have filed a separate application seeking relief from the provisions of section 12(d)(1) of the Act (The G.E. Funds, File No. 812-9838) (the "Sweep Application"). If the relief requested in the Sweep Application is granted, the applicant funds would be able to invest excess cash in excess of the limits in section 12(d)(1) in an affiliated fund that would be excluded from the definition of an investment company under section 3(c)(1) of the Act.

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 permit the sale of shares of the Portfolio Funds to the Investing Funds.³ Applicants believe that the proposed transactions meet the standards of sections 6(c) and 17(b).

Applicants' Conditions

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

1. The Investing Funds and the Portfolio Funds will be part of the same "group of investment companies," as defined in paragraph (a)(5) of rule 11a-3 under the Act.

2. No Portfolio Fund in which an Investing Fund invests shall acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, except as permitted under the Sweep Application order.

3. At least a majority of the trustees of LifeStyle will be Independent Trustees, and the selection of the Independent Trustees necessary to fill any vacancies on the board of trustees, as well as the nomination of those persons to be recommended by the board of trustees in connection with any shareholder vote, will be committed to the discretion of such Independent Trustees.

4. Prior to approving any advisory contract of an Investing Fund under section 15 of the Act, the trustees of LifeStyle, including a majority of the Independent Trustees, shall find that any advisory fees charged under such contract are based on services that will be in addition to, rather than duplicative of, the services provided under the advisory contract of any Portfolio Fund in which the Investing Fund may invest. These findings and their basis will be recorded fully in the minute book of LifeStyle.

5. Any sales charges or service fees, as such terms are defined under rule 2830(b) of the NASD Rules of Conduct,⁴ as may be charged with respect to securities of an Investing Fund, when aggregated with any such sales charges

or service fees borne by the Investing Fund with respect to the shares of a Portfolio Fund, shall not exceed the limits set forth in rule 2830(d) of the NASD Rules of Conduct.

6. Applicants will provide the following information in electronic format to the Chief Financial Analyst of the SEC's Division of Investment Management as soon as reasonably practicable following each fiscal year-end of each Investing Fund, unless the Chief Financial Analyst notifies applicants that the information need no longer be submitted: (a) monthly average total assets for each Investing Fund and each Portfolio Fund in which an Investing Fund invests; (b) monthly purchases and redemptions (other than by exchange) for each Investing Fund and each Portfolio Fund in which an Investing Fund invests; (c) monthly exchanges into and out of each Investing Fund and each Portfolio Fund in which an Investing Fund invests; (d) month-end allocations of each Investing Fund's assets among the Portfolio Funds in which it invests; (e) annual expense ratios for each Investing Fund and each Portfolio Fund in which an Investing Fund invests; and (f) a description of any vote taken by the shareholders of any Portfolio Fund in which an Investing Fund invests, including a statement of the percentage of votes cast for and against the proposal by the Investing Fund and by the other shareholders of that Portfolio Fund.

7. Substantially all of the assets of each Investing Fund will be invested in shares of Portfolio Funds. Each Investing Fund will not hold any investment securities other than shares of Portfolio Funds and money market instruments.

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-21321 Filed 8-20-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. IC-22144; 811-8048]

Special Opportunities Trust, Health Care Securities, Series I; Notice of Application

August 15, 1996.

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

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Special Opportunities Trust, Health Care Securities, Series I.

RELEVANT ACT SECTION: Order requested under section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on March 20, 1996, and amended on July 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 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 September 9, 1996, and should be accompanied by proof of service on the applicant, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicant, 251 North Illinois Street, Suite 500, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Christine Y. Greenless, Senior Counsel, (202) 942-0581, or Robert A. Robertson, 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.

Applicant's Representations

1. Applicant is a unit investment trust created under the laws of New York and registered under the Act. On September 23, 1993, applicant filed a notification of registration on Form N-8A under section 8(a) of the Act and a registration statement on Form N-8B-2 under section 8(b) of the Act. On the same day, applicant filed a registration statement on Form S-6 under the Securities Act of 1933 to register an indefinite number of units of fractional undivided interests ("Units"). The registration statement became effective and the initial public offering took place on November 17, 1993.

2. In compliance with the terms of its indenture, applicant terminated its operations on December 31, 1995. On January 17, 1996, applicant made a final liquidating distribution of \$2,778,121.81, or \$15.1201 per Unit, to unitholders of record as of December 31,

³ Section 17(b) applies to specific proposed transactions, rather than an ongoing series of future transactions. See *Keystone Custodian Funds*, 21 S.E.C. 295, 298-99 (1945). Section 6(c) frequently is used to grant relief from section 17(a) to permit an ongoing series of future transactions.

⁴ The staff notes that, until recently, rule 2830 of the NASD Rules of Conduct was section 26 of Article III of the NASD Rules of Fair Practice.