made known promptly and in writing to all Participating Entities.

9. Participating Insurance Company will provide pass-through voting privileges to all Contract owners so long as the Commission continues to interpret the 1940 Act as requiring pass-through voting privileges for Contract owners.

Accordingly, the Participating Insurance Companies will vote shares of a Fund held in their separate accounts in a manner consistent with voting instructions timely received from Contract owners. Each Participating Insurance Company will vote shares of a Fund held in the Participating Insurance Company's separate accounts for which no voting instructions from Contract owners are timely received, as well as shares of that Fund which the Participating Insurance Company itself owns, in the same proportion as those shares of the Fund for which voting instructions from Contract owners are timely received. Participating Insurance Companies will be responsible for assuring that each of their separate accounts participating in a Fund calculates voting privileges in a manner consistent with other Participating Insurance Companies. The obligation to calculate voting privileges in a manner consistent with all other separate accounts will be a contractual obligation of all Participating Insurance Companies under the agreements governing their participation in the Funds.

10. Each Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, shall be the persons having a voting interest in the shares of a Fund), and, in particular, each Fund will either provide for annual meetings (except to the extent that the Commission may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act, (although the Fund is not within the trusts described in Section 16(c) of the 1940 Act), as well as with Section 16(a), and, if applicable, Section 16(b) of the 1940 Act. Further, each Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of directors and with whatever rules the Commission may promulgate with respect thereto.

11. Each Fund will notify all Participating Insurance Companies that separate account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate. Further, each Fund will disclose in its prospectus that (a) the Fund is intended to be a funding vehicle for all types of variable annuity and variable life insurance contracts offered by various insurance companies and for certain qualified pension and retirement plans, (b) material irreconcilable conflicts possibly may arise, and (c) the Fund's Board will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict.

12. If and to the extent that Rules 6e–2 and 6e–3(T) under the 1040 Act are amended (or if Rule 6e–3 is adopted) to provide exemptive relief from any provision of the 1940 Act or the rules thereunder with respect to mixed and shared funding on terms and conditions materially different from any exemptions granted in the order requested by Applicants, then the Funds and/or the Participating Entities, as appropriate, shall take such steps as may be necessary to comply with Rules 6e–2 and 6e–3(T), as amended, and Rule 6e–3, as adopted, to the extent such rules are applicable.

13. No less frequently than annually, the Participating Entities shall submit to the relevant Board such reports, materials, or data as that Board may reasonably request so the Board may carry out fully the conditions contained in these express conditions. Such reports, materials, and data shall be submitted more frequently if deemed appropriate by a Board. The obligations of the Participating Entities to provide these reports, materials, and data to a Board shall be a contractual obligation under the agreements governing their participation in the Fund.

14. All reports received by a Board of potential or existing conflicts, and all Board action with regard to (a) determining the existence of a conflict, (b) notifying Participating Entities of a conflict, and (c) determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the appropriate Board or other appropriate records. Such minutes or other records shall be made available to the Commission upon request.

Conclusion

For the reasons and upon the facts stated above, Applicants asserts that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–22228 Filed 8–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Rel. No. 22172; 812–10304]

Quantitative Group of Funds, et al.; Notice of Application

August 26, 1996.

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

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

APPLICANTS: Quantitative Group of Funds (''Quantitative''), The One Group (''One Group,'' together with Quantitative, the ''Trusts''), Quantitative Advisors Inc. (''Quantitative Advisors''), Banc One Investment Advisors Corporation (''Banc One,'' and together with Quantitative Advisors, the ''Advisors''), and Boston International Advisors, Inc. (''BIA'').

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from section 15(a) of the Act.

SUMMARY OF APPLICATION: The order would permit the implementation, without shareholder approval, of new sub-advisory contracts for a period of up to 120 days following the date of the change in control of BIA, the sub-adviser to the Trusts. The order also would permit BIA to receive from the Trusts fees earned under the new sub-advisory contracts following approval by the Trusts' shareholders.

FILING DATE: The application was filed on August 15, 1996. Applicants have agreed to file an amendment during the notice period, the substance of which is included in this notice.

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 20, 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 notification of a

hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Quantitative and Quantitative Advisors, 55 Old Bedford Road, Lincoln, Massachusetts 01773; One Group, 3435 Stelzer Road, Columbus, Ohio 43219; Banc One, 774 Park Meadow Road, Columbus, Ohio 43271; and BIA, 75 State Street, Boston, Massachusetts 02109.

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 is available for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. The Trusts are open-end, management investment companies registered under the Act. Quantitative International Equity Fund and Quantitative Foreign Frontier Fund are series of Quantitative and The One Group International Equity Index Fund is a series of One Group (the series are referred to collectively as the ''Funds''). Quantitative Advisors serves as investment adviser to the Quantitative Funds and Banc One serves as investment adviser to the One Group Fund. BIA provides sub-advisory services to each Fund pursuant to certain sub-advisory agreements (the ''Existing Sub-Advisory Agreements'').

2. Independence Investment Associates, Inc. (''IIA''), pursuant to an agreement dated July 31, 1996 (the ''Stock Purchase Agreement'') among IIA, BIA, and all of the stockholders of BIA (the ''Stockholders''), will acquire, subject to the satisfaction or waiver of certain conditions, control of BIA by purchasing 100% of BIA's outstanding shares of capital stock from the Stockholders (the ''Stock Purchase''). Following the consummation of the transactions provided for under the Stock Purchase Agreement (the ''Closing''), it is anticipated that BIA will change its name to Independence International Associates, Inc.

3. The Closing is subject to the satisfaction or waiver of several conditions, including certain conditions relating to the acquisition of advisory client consents. The Stock Purchase Agreement provides that transfer of ownership of BIA's shares will take place at the Closing. BIA reasonably believes that the Closing may take place by October 1, 1996, although unforeseen circumstances could cause a delay. The Stock Purchase will result in a change of control of BIA. Accordingly, the change of control will result in the assignment of the Existing Sub-Advisory Agreements and the termination of each such agreement according to its terms.

4. Applicants seek an exemption to permit the implementation, without shareholder approval, of new sub-advisory agreements among the Funds, the Advisors, and BIA. The requested exemption would cover an interim period of not more than 120 days (the ''Interim Period'') beginning on the Closing date and continuing through the date new sub-advisory agreements are approved or disapproved by the Funds' shareholders (but in no event later than March 1, 1997). During the Interim Period, hat portion of the advisory fees paid the Advisors to BIA for sub-advisory services would be paid into escrow.

5. The sub-advisory agreements among BIA, the Advisors, and each Fund to be entered into upon consummation of the Stock Purchase (collectively, the ''New Sub-Advisory Agreements'') are identical to the Existing Sub-Advisory Agreements, except for their effective dates, escrow provisions, and as described below. For each Fund, except the One Group Fund, the fee levels for sub-advisory services will remain the same as in the Existing Sub-Advisory Agreement. The New Sub-Advisory Agreement between BIA and Banc One (the ''New Banc One Agreement''), however, will provide for higher fees than those which are payable to BIA under its Existing Sub-Advisory Agreement with Banc One. These higher fees were separately negotiated from, and are in no way connected with, the Stock Purchase. The New Banc One Agreement will be submitted for the approval of the One Group Fund's shareholders, and the higher fees, if approved, will be payable only to BIA from and after the date of such approval. No exemption from the provisions of section 15(a) of the Act is being sought with respect to the approval of the higher fees.

6. In accordance with section 15(c) of the Act,[1] the board of trustees (the ''Board'') of Quantitative met on July 9, 1996 and the Board of One Group met on May 21, 1996 and determined that the New Sub-Advisory Agreements would be in the best interests of the respective Funds and their shareholders. The Boards, including a majority of the disinterested trustees, voted to approve the New Sub-Advisory Agreements.

7. Applicants propose to enter into an escrow arrangement with an unaffiliated financial institution. The arrangement would provide that: (a) the portion of the Advisors' fees payable by the Advisors to BIA during the Interim Period under the New Sub-Advisory Agreements would be paid into an interest-bearing escrow account maintained by the escrow agent [2]; (b) the amounts in the escrow account (including interest earned on such paid fees) would be paid to BIA only upon approval of the respective Fund's shareholders of such Fund's New Sub-Advisory Agreements or, in the absence of such approval, to the Fund; and (c) the escrow agent would release the monies only upon receipt of a certificate from an officer of the respective trust (none of whom is an interested person of BIA) stating that the monies are to be delivered to BIA and that the respective New Sub-Advisory Agreement has received the requisite Fund shareholder vote or, if the moneys are to be delivered to the respective Fund, that the Interim Period has ended, and the respective New Sub-Advisory Agreement has not received the requisite Fund shareholder vote. Before any certificate is sent, the respective Board will be notified.

Applicants' Legal Analysis

1. Applicants request an order pursuant to section 6(c), exempting them from section 15(a) of the Act to the extent necessary (i) to permit the implementation during the Interim Period, without prior shareholder approval, of the New Sub-Advisory Agreements and (ii) to permit BIA to receive from the respective Advisor upon approval by the respective Fund's shareholders any and all fees earned under the applicable New Sub-Advisory Agreement implemented during the Interim Period.

2. Section 15(a) of the Act prohibits an investment adviser from providing investment advisory services to an investment company except under a written contract that has been approved

[1] Section 15(c) provides, in relevant part, that it shall be unlawful for any registered investment company to enter into an investment advisory contract unless the terms of such contract have been approved by the vote of a majority of directors, who are not parties to such contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

[2] The higher fees that will be applicable under the New Sub-Advisory Agreement for the One Group Fund will not be deposited in an escrow account because they will not begin to accrue until after the One Group Fund's shareholders approve the New Sub-Advisory Contract.

by a majority of the voting securities of the investment company. Section 15(a) further requires that the written contract provide for automatic termination in the event of its assignment. Section 2(a)(4) of the Act defines ''assignment'' to include any direct or indirect transfer of a contract by the assignor or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor. The Stock Purchase will result in an ''assignment'' within the meaning of section 2(a)(4) of the Existing Sub-Advisory Agreements, terminating each such agreement according to its terms.

3. Rule 15a–4 provides, in relevant part, that if an investment adviser's investment advisory contract with an investment company is terminated by assignment, the adviser may continue to act as such for 120 days at the previous compensation rate if a new contract is approved by the board of directors of the investment company and if neither the investment adviser nor a controlling person thereof directly or indirectly receives money or other benefit in connection with the assignment. In the case of the Quantitative Funds, applicants cannot rely on rule 15a–4 because of the benefits to the Stockholders arising from the Stock Purchase. In the case of the One Group Fund, the applicants cannot rely on rule 15a–4 because of the increase in fees payable to BIA under the New Sub-Advisory Agreement.

4. Applicants state that a proxy solicitation to the shareholders of the Funds is a complicated and time-consuming task. The task will include the preparation, clearance, and mailing of proxy materials, and the solicitation efforts required to obtain the requisite votes. Because of the complexity of the proxy solicitation and the fact that the Funds have not had sufficient advance notice of the Stock Purchase, applicants state that it will not be possible for the Funds to obtain shareholder approval of the New Sub-Advisory Agreements in accordance with section 15(a) of the Act prior to the Closing.

5. Applicants submit that to deprive BIA of sub-advisory fees during the Interim Period for no reason other than the fact that the Closing will result in an assignment of the Existing Sub-Advisory Agreements would be an unduly harsh and unreasonable penalty and would serve no useful purpose. Applicants represent that the best interests of the Funds' shareholders would be served if BIA receives fees for services during the Interim Period as provided herein. These fees are an important part of BIA's total revenue and are important to maintaining its ability to provide services to the Funds.

6. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction 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. For the reasons stated above, applicants believe that the requested relief meets this standard.

Applicants' Conditions

Applicants agree as conditions to the issuance of the exemptive order requested by this application that:

1. The New Sub-Advisory Agreements will have the same terms and conditions as the Existing Sub-Advisory Agreements, except in each case for the dates of execution and termination, the inclusion of escrow arrangements, and the inclusion of BIA's new name, and in the case of the New Sub-Advisory Agreement for One Group, the new fee arrangement (which will not be effective until shareholder approval).

2. That portion of each Advisors' fee earned by BIA during the Interim Period will be maintained in an interest-bearing escrow account, and amounts in the account (including interest earned on such amounts) will be paid (a) to BIA in accordance with the New Sub-Advisory Agreement, only upon approval of the respective Fund's shareholders, or (b) in the absence of such approval prior to the expiration of the Interim Period, to the respective Fund.

3. The Funds will hold meetings of shareholders to vote on approval of the New Sub-Advisory Agreements on or before the earlier of the 120th day following the termination of the Existing Sub-Advisory Agreements or March 1, 1997.

4. BIA and IIA will bear the costs of preparing and filing this application and the costs relating to the preparation of proxy materials for the solicitation of shareholder approval from the Quantitative Funds' shareholders of the Quantitative Funds' New Sub-Advisory Agreements. BIA and IIA also will bear 50% of the costs relating to the preparation of proxy materials for the solicitation of shareholder approval from the One Group Fund's shareholders of the One Group Fund's New Sub-Advisory Agreement. The other 50% of the costs of solicitation will be borne by Banc One.

5. BIA will take all appropriate actions to ensure that the scope and quality of sub-advisory and other services provided to the Funds by BIA during the Interim Period will be at least equivalent, in the judgment of the respective Board, including a majority of the non-interested Board members, to the scope and quality of services previously provided. In the event of any material change in personnel providing material services pursuant to the New Sub-Advisory Agreements, BIA will apprise and consult with the Board of the affected Fund or Funds to assure that they, including a majority of the non-interested Board members, are satisfied that the services provided will not be diminished in scope or quality.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–22226 Filed 8–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. IC–22169; 812–10210]

Van Kampen American Capital Equity Opportunity Trust, et al.; Notice of Application

August 23, 1996.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Van Kampen American Capital Equity Opportunity Trust (the ''Trust''), Series 25 and subsequent series, and Van Kampen American Capital Distributors, Inc. (''Van Kampen American'' or the ''Sponsor'').

RELEVANT ACT SECTIONS: Order requested 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 to permit a terminating series of the Trust, a unit investment trust, to sell portfolio securities to a new series of the Trust.

FILING DATE: The application was filed on June 18, 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 17, 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