NUCLEAR REGULATORY COMMISSION

Consolidated Guidance About Materials Licenses: Program-Specific Guidance About Portable Gauge Licenses: Request for Volunteers To Participate in January 1997 Pilot Test

In an October 3, 1996, notice (61 FR 51729), NRC announced the availability of draft NUREG–1556, Volume 1, ''Consolidated Guidance about Materials Licenses: Program-Specific Guidance about Portable Gauge Licenses.'' The October 3 notice indicated that draft NUREG–1556, Volume 1, was ''strictly for public comment and NOT for use in preparation or review of applications for portable gauge licenses until the document is in final form.'' However, as part of the evaluation of the document's content, format, and usefulness, NRC is seeking a small number of volunteers (not to exceed 9) to participate in a pilot test of the draft guidance to be conducted during the week of January 27, 1997, in NRC's Region II office in Atlanta, GA. Volunteers need not be physically present in the NRC Region II office during the pilot, but should be available throughout the period January 27 through 31, 1997, by telephone and have the capability to receive and transmit messages via electronic mail or facsimile.

Ideally, volunteers will be applicants for new portable gauge licenses, willing to submit applications in accordance with draft NUREG–1556, Volume 1 in both paper and electronic format, to work closely with the NRC staff to resolve any identified deficiencies in the application (so that all applications can be completely processed during the one-week pilot test), and to provide NRC with comments on their pilot test experience. To be useful in the pilot test, applications accompanied by the appropriate fees as specified in 10 CFR Part 170 need to be received in NRC's Region II office not later than January 22, 1997. Rather than following the filing instructions in 10 CFR 30.6, for the purposes of the pilot test, applications should be addressed as follows: U. S. Nuclear Regulatory Commission, ATTN: Mr. John M. Pelchat, BPR Pilot Test, 101 Marietta Street, NW, Suite 2900, Atlanta, GA 30323–0199.

Submitted applications will be reviewed following the draft NUREG–1556, Volume 1 guidance. Upon completion of the review of each submitted application and resolution of any identified deficiencies, NRC will issue a valid license to the applicant.

In addition, portable gauge manufacturers, master material licensees, and Agreement States may volunteer as they may be able to contribute to the evaluation and improvement of the guidance in draft NUREG–1556, Volume 1. John M. Pelchat, who can be reached at (404) 331–5083 or via electronic mail at INTERNET:JMP2@NRC.GOV, is coordinating volunteers and can answer questions about the pilot test.

Dated at Rockville, Maryland, this 29 day of November, 1996.

For the Nuclear Regulatory Commission.

Donald A. Cool,

Director, Division of Industrial and Medical Nuclear Safety, Office of Nuclear Material Safety and Safeguards

[FR Doc. 96–31076 Filed 12–05–96; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22358; 812–10296]

CIGNA Funds Group, et al.; Notice of Application

November 27, 1996.

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

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

APPLICANTS: CIGNA Funds Group, CIGNA Institutional Funds Group, CIGNA High Income Shares, INA Investment Securities, Inc., CIGNA Variable Products Group (collectively, the ''Trusts''), all existing and future series of the Trusts, any other registered investment companies or series thereof that are now or in the future advised by CIGNA Investments, Inc. (''CII'') or any other registered investment adviser controlling, controlled by or under common control with CII (collectively, the ''Funds''), and CII.

RELEVANT ACT SECTION: Order requested under section 17(d) of the Act and rule 17d–1 thereunder.

SUMMARY OF APPLICATION: Applicants request an order to permit the series of certain investment companies and certain private accounts to deposit their uninvested cash balances in one or more joint accounts to be used to enter into short-term investments.

FILING DATES: The application was filed on August 8, 1996, and amended on October 28, 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 in 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 December 23, 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 by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicants, c/o CIGNA Investments, Inc., 900 Cottage Grove Road, Hartford, CT 06152.

FOR FURTHER INFORMATION CONTACT: Christine Y. Greenless, Senior Counsel, at (202) 942–0581, or Alison E. Baur, Branch Chief, (202) 942–0564 (Office of Investment Company Regulation, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. CIGNA Funds Group, CIGNA Institutional Funds Group, CIGNA High Income Shares, and CIGNA Variable Products Group are organized as Massachusetts business trusts. INA Investment Securities, Inc. is organized as a Delaware corporation. The Trusts are registered under the Act as management investment companies. The Trusts that intended to rely on the requested order are named as applicants; Funds established hereafter will not rely on the requested relief except upon the terms and conditions contained in the application.

2. CII is incorporated under the laws of Delaware and is registered as an investment adviser under the Investment Advisers Act of 1940. CII is an indirect, wholly-owned subsidiary of CIGNA Corporation, and serves as investment adviser to each existing Fund.[1] In addition, CII provides investment advisory services to other affiliated and unaffiliated companies, including employee benefit plans and accounts investing in mortgages, real estate, public bonds, private

[1] Applicants request that any relief granted to CII pursuant to the application also apply to any successor of CII. The term ''successor'' is limited to entities that result from a reorganization into another jurisdiction or a change in the type of business organization of CII.

placements, and other types of investments (collectively, and together with any such account advised by another registered investment adviser controlling, controlled by, or under common control with CII, the ''Private Accounts'').

3. CII has discretion to purchase and sell securities for the existing Funds in accordance with the investment objectives, policies, and restrictions of each Fund and subject to the general oversight of the Trustees of each Trust. All of the existing Funds are authorized by their investment policies and restrictions to invest at least a portion of their uninvested cash balances in short-term liquid assets, including repurchase agreements, high-grade commercial paper, U.S. government securities and other short-term debt obligations.

4. CII also has discretion to purchase and sell securities for the Private Accounts in accordance with the investment objectives, policies, and restrictions of each Private Account. In order for a Private Account to participate in the proposed joint account (each, a ''Qualifying Private Account''), those persons with authority to act on behalf of such Private Account would have to determine that: (a) Participation in the Joint Account (as defined below); and (b) the proposed investments of the Joint Account are consistent with such Private Account's investment policies and with any state or other law applicable to the Private Account. No existing Private Account qualifies as a Qualifying Private Account. To the extent, however, that any future Private Account qualifies as a Qualifying Private Account or any current Private Account amends its investment policies such that it would so qualify, applicants request that any relief granted hereby also apply to any such Private Account.

5. The assets of the existing Funds and Qualifying Private Accounts are held by various bank custodians, none of which controls, is controlled by or is under common control with any of the Participants (as defined below), or CII. At the end of each trading day, the Funds and Qualifying Private Accounts may have uninvested cash balances in their accounts at their respective custodian banks that would not otherwise be invested in portfolio securities by CII. Generally, such cash balances are, or would be, invested in short-term liquid assets such as commercial paper or U.S. Treasury bills.

6. Applicants propose that the Participants (as defined below) deposit these uninvested cash balances into one or more joint accounts (the ''Joint Accounts'') and that the daily balances of the Joint Accounts be invested in: (a) Repurchase agreements ''collateralized fully'' as defined in rule 2a-7 under the Act; and (b) other short-term money market instruments that constitute ''Eligible Securities'' (as defined in rule 2a-7 under the Act), including interest-bearing or discounted commercial paper, and dollar denominated commercial paper of foreign issuers (collectively, ''Short-Term Investments''). Funds and Qualifying Private Accounts that are eligible to participate in any of the Joint Accounts and that elect to participate in one or more of such Accounts are collectively referred to as ''Participants.'' Each Participant would invest through a Joint Account only to the extent that it intends to invest in short-term liquid investments consistent with its investment objectives, policies, and restrictions.

7. The decision to employ a Joint Account for each Participant would be based on the same factors as the decision to make any other short-term liquid investment. Currently, CII purchases repurchase agreements and other money market instruments separately on behalf of each Fund or Qualifying Private Account. This requires CII to monitor multiple sources of cash availability so that it can allocate opportunities among Funds and Qualifying Private Accounts, execute multiple trades in similar securities on any given day, and settle trades in a number of separate accounts. The sole purpose of the Joint Accounts would be to provide a convenient means of aggregating what otherwise would be one or more daily transactions for some or all Participants as necessary to manage their respective daily account balances.

8. CII will be responsible for investing funds held by the Joint Accounts, establishing accounting and control procedures, and ensuring fair treatment of Participants. All purchases through a Joint Account will be subject to the same systems and standards for acquiring investments for individual Funds. CII will not charge any additional or separate fees for operating or advising the Joint Accounts and would have no monetary participation in the Joint Accounts.

9. Any repurchase agreements entered into through any Joint Account will comply with the terms of Investment Company Act Release No. 13005 (Feb. 2, 1983). Applicants acknowledge that they have a continuing obligation to monitor the SEC's published statements on repurchase agreements, and represent that repurchase agreement transactions will comply with future positions of the SEC to the extent that such positions set forth different or additional requirements regarding repurchase agreements. In the event that the SEC sets forth guidelines with respect to other Short-Term Investments, all such investments made through the Joint Account will comply with those guidelines.

10. Applicants propose to enter into hold-in-custody repurchase agreements, *i.e.* repurchase agreements where the counterparty or one of its affiliated persons may have possession of, or control over, the collateral subject to the agreement, only where cash is received very late in the business day and otherwise would be unavailable for investment.

Applicants' Legal Analysis

1. Section 17(d) of the Act and rule 17d–1 thereunder prohibit an affiliated person of a registered investment company, or an affiliated person of such a person, from participating in any joint enterprise or arrangement in which such investment company is a participant, without an SEC order.

2. The Participants, by participating in the Joint Accounts, and CII, by managing the Joint Accounts, could be deemed to be ''joint participants'' in a transaction within the meaning of section 17(d) of the Act. In addition, each Joint Account could be deemed to be a ''joint enterprise or other joint arrangement'' within the meaning of rule 17d–1.

3. Participants may earn a higher rate of return on investments through the Joint Accounts relative to the returns they could earn individually. Under most market conditions, it is generally possible to negotiate a rate of return on larger repurchase agreements and other Short-Term Investments that is higher than the rate available on smaller repurchase agreements and other Short-Term Investments. The Joint Accounts also may increase the number of dealers and issuers willing to enter into Short-Term Investments with the participants and may reduce the possibility that their cash balances remain uninvested.

4. The Joint Accounts may result in certain administrative efficiencies and a reduction of the potential for errors by reducing the number of trade tickets and cash wires that must be processed by the sellers of Short-Term Investments, the Participants' custodians, and CII's accounting and trading departments.

5. Applicants assert that no Participant will be in a less favorable position as a result of the Joint Accounts. Applicants believe that each Participant's investment in a Joint Account would not be subject to the

claims of creditors, whether brought in bankruptcy, insolvency, or other legal proceeding, of any other Participant. Each Participant's liability on any Short-Term Investment will be limited to its interest in such investment; no Participant will be jointly liable for the investments of any other Participant.

6. Although CII will realize some benefits through administrative convenience and some possible reduction in clerical costs, the Participants will be the primary beneficiaries of the Joint Accounts because the Joint Accounts may result in higher returns and would be a more efficient means of administering daily cash investments.

7. In passing upon applications under section 17(d) and rule 17d–1, the SEC is required to consider whether each party's participation in the proposed joint arrangement is consistent with the provisions, policies and purposes of the Act, and the extent to which such participation is on a basis different from or less advantageous than that of other participants. Applicants submit that the Funds would participate in the Joint Accounts on a basis no different from or less advantageous than that of any other Participant. They further submit that no Participant will receive fewer benefits than any other Participant. For the reasons set forth above, applicants believe that granting the requested order is consistent with the provisions, policies, and purposes of the Act and the intention of rule 17d–1.

Applicants' Conditions

Applicants will comply with the following as conditions to any order granted by the SEC:

1. The Joint Accounts will not be distinguishable from any other accounts maintained by Participants at their custodians except that monies from Participants will be deposited in the Joint Account on a commingled basis. The Joint Accounts will not have a separate existence and will not have indicia of a separate legal entity. The sole function of the Joint Accounts will be to provide a convenient way of aggregating individual transactions which would otherwise require daily management by CII of uninvested cash balances.

2. Cash in the Joint Accounts will be invested in one or more Short-Term Investments, as directed by CII. Short-Term Investments that are repurchase agreements would have a remaining maturity of 60 days or less and other Short-Term Investments would have a remaining maturity of 90 days or less, each as calculated in accordance with rule 2a–7 under the Act. No Participant will be permitted to invest in a Joint Account unless the Short-Term Investments in such Joint Account will satisfy the investment policies and guidelines of that Participant.

3. All assets held in the Joint Accounts would be valued on an amortized cost basis to the extent permitted by applicable SEC releases, rules or orders.

4. Each Participant that is a registered investment company valuing its net assets in reliance on rule 2a–7 under the Act will use the average maturity of the instruments in the Joint Account in which such Participant has an interest (determined on a dollar weighted basis) for the purpose of computing its average portfolio maturity with respect to its portion of the assets held in a Joint Account on that day.

5. In order to assure that there will be no opportunity for any Participant to use any part of a balance of a Joint Account credited to another Participant, no Participant will be allowed to create a negative balance in any Joint Account for any reason, although each Participant would be permitted to draw down its entire balance at any time. Each Participant's decision to invest in a Joint Account would be solely at its option, and no Participant will be obligated to invest in the Joint Account or to maintain any minimum balance in the Joint Account. In addition, each Participant will retain the sole rights of ownership to any of its assets invested in the Joint Account, including interest payable on such assets invested in the Joint Account.

6. CII will administer the investment of cash balances in and operation of the Joint Accounts as part of the general duties under the advisory agreements it has (or its control affiliates have) with Participants and will not collect any additional or separate fees for advising any Joint Account.

7. The administration of the Joint Accounts will be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g–1 thereunder.

8. The Boards of Trustees of the Funds and the responsible person of the Qualifying Private Accounts (each a ''Board'' and collectively, the ''Boards'') will adopt procedures pursuant to which the Joint Accounts will operate, which will be reasonably designed to provide that the requirements of the application will be met. Each of the Boards will make and approve such changes as it deems necessary to ensure that such procedures are followed. In addition, the Boards of each Fund will determine, no less frequently than annually, that the Joint Accounts have been operated in accordance with such procedures and will only permit a Fund to continue to participate therein if it determines that there is a reasonable likelihood that the Fund and its shareholders (or beneficiaries, as applicable) will benefit from the Fund's continued participation.

9. Any Short-Term Investments made through a Joint Account will satisfy the investment criteria of each Participant in that joint investment.

10. Each Participant in a Joint Account will document daily on its books and the books of its custodian, its investments through such Accounts. Each Participant will maintain records (in conformity with section 31 of the Act and the rules and regulations thereunder) documenting for any given day its aggregate investment through each Joint Account and its *pro rata* share of each Short-Term Investment made through such Joint Account. Each Participant that is not a registered investment company or registered investment adviser will make available to the SEC, upon request, such books and records with respect to its participation in a Joint Account.

11. Every Participant in a Joint Account will not necessarily have its cash invested in every Short-Term Investment. However, to the extent that a Participant's cash is applied to a particular Short-Term Investment, the Participant will participate in and own its proportionate share of such Short-Term Investment, and any income earned or accrued thereon, based upon the percentage of such investment purchased with monies contributed by the Participant.

12. Short-Term Investments held in a Joint Account generally will not be sold prior to maturity except if: (a) CII believes the investment no longer presents minimal credit risks; (b) the investment no longer satisfies the investment criteria of all Participants in the investment because of a downgrading or otherwise; or (c) in the case of a repurchase agreement, the counterparty defaults. CII may, however, sell any Short-Term Investment (or any fractional portion thereof) on behalf of some or all Participants prior to the maturity of the investment if the cost of such transactions will be borne solely by the selling Participants and the transaction will not adversely affect other Participants participating in the Joint Account. In no case would an early termination by less than all Participants be permitted if it would reduce the principal amount or yield received by other Participants in a particular Joint Account or otherwise adversely affect the other Participants. Each Participant

in a Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

13. Short-Term Investments held through a Joint Account with a remaining maturity of more than seven days, as calculated pursuant to rule 2a–7 under the Act, will be considered illiquid and, for any Participant that is an open-end investment company registered under the Act, subject to the restriction that the Participant may not invest more than 15% (or such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities and any similar restriction set forth in the Participant's investment restrictions and policies, if CII cannot sell the instrument, or the Participant's fractional interest in such instrument, pursuant to the preceding condition.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–31017 Filed 12–5–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 22361; 811–5435]

The Compass Capital Group®; Notice of Application

December 2, 1996.

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

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

APPLICANT: The Compass Capital Group®.

RELEVANT ACT SECTIONS: Section 8(f).

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

FILING DATES: The application was filed on July 31, 1996 and amended on October 2, 1996. Applicants have agreed to file an amendment, the substance of which is incorporated herein, 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 December 27, 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 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. Applicant, 680 East Swedesford Road, Wayne, Pennsylvania 19087.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney, at (202) 942–0572, 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.

Applicant's Representations

1. Applicant is an open-end management investment company with sixteen series that is organized as a business trust under the laws of Massachusetts. Twelve of applicant's series are diversified investment companies and four are non-diversified. Applicant registered under the Act and filed a registration statement on Form N–1A on December 31, 1987. Applicant's registration statement was declared effective on March 1, 1988, and applicant commenced a public offering of its shares immediately thereafter.

2. On October 3, 1995, applicant's board of trustees considered and approved a reorganization agreement that provided for the transfer of all the assets and liabilities of applicant to the Compass Capital Funds (formerly, the PNC Fund®) (the ''Acquiring Fund''), a registered open-end investment company. The board of trustees made the findings required by rule 17a–8 under the Act, *i.e.*, that the reorganization was in the best interest of applicant and that there would be no dilution, by virtue of the proposed exchange, in the value of shares held at that time by applicant's shareholders.[1]

3. Definitive proxy materials were filed with the SEC on November 9, 1995. On November 9, 1995, applicant mailed proxy materials to its shareholders. On December 11, 1995, applicant's shareholders approved the reorganization.

4. On January 13, 1996, applicant transferred the assets and liabilities of fifteen series to certain series of the Acquiring Fund in exchange for shares of the respective series of the Acquiring Fund on the basis of the relative net asset values per share of the respective series of applicant and the Acquiring Fund. On February 13, 1996, the assets and liabilities of applicant's remaining series were transferred to a series of the Acquiring Fund in exchange for shares of that series of the Acquiring Fund on the basis of the relative net asset values per share of applicant and the Acquiring Fund. The shares of the Acquiring Fund received by applicant were distributed to the shareholders of applicant, *pro rata*.

5. The expenses incurred in connection with the reorganization totaled approximately $700,000. Applicant paid $286,723 of the expenses, of which $170,734 related to the costs of printing and mailing proxy statements, $56,500 related to audit fees, and $59,489 related to legal expenses. The remaining expenses were borne by the Acquiring Funds and/or their advisers. No brokerage fees were paid in connection with the reorganization.

6. Applicant has taken steps to dissolve under the laws of the Commonwealth of Massachusetts.

7. There are no securityholders to whom distributions in complete liquidation of their interests have not been made. Applicant has retained no assets. Applicant has no debts or other liabilities that remain outstanding. Applicant is not a party to any litigation or administrative proceeding.

8. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–31082 Filed 12–5–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Rel. No. 22360; International Series Release No. 1034; 812–10418]

The Lipper Funds, Inc., et al.; Notice of Application

December 2, 1996.

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

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

APPLICANTS: The Lipper Funds, Inc. (the ''Company''), on behalf of its portfolio

[1] Rule 17a–8 provides an exemption from section 17(a) for certain reorganizations among registered investment companies that may be affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers.