

or other property from such registered investment company.

5. Applicants state that the redemptions and purchases in-kind involve the purchase of property from the Current Portfolios by the Separate Accounts, affiliated persons of those Portfolios, and the sale of property to the Substitute Portfolios by the Separate Accounts, which may be considered affiliates of the Substitute Portfolios. Similarly, by combining two investment divisions holding shares of the same Substitute Portfolios into a single investment division, the Companies, each being the depositor for and therefore each an affiliated person of the respective Separate Account, could be said to be transferring property of one investment division to another investment division. This transfer of property could be said to involve purchase and sale transactions between the investment divisions such that an affiliated person (the "first investment division") of an investment division (the "second investment division") could be said to be selling its shares of a Portfolio to the second investment division in return for units of the second investment division, which are immediately credited to the accounts of the contractowners participating in the first investment division. Conversely, the second investment division could be said to be purchasing from the first investment division shares of a Portfolio owned by the first investment division.

6. Applicants request an order pursuant to Section 17(b) of the 1940 Act exempting the in-kind redemptions and purchases and the merger of investment divisions from the provisions of Section 17(a). Section 17(b) of the 1940 Act provides that the Commission may grant an order exempting a proposed transaction from Section 17(a) if evidence establishes that: (1) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (2) the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the 1940 Act; and (3) the proposed transaction is consistent with the general purposes of the 1940 Act.

7. Applicants assert that the terms of the in-kind redemptions and purchases are reasonable and fair and do not involve overreaching on the part of any person concerned and that the interests of contractowners will not be diluted. The in-kind redemptions and purchases will be done at values consistent with

the policies of both the Current Portfolios and Substitute Portfolios. The investment advisers will review the asset transfers to assure that the assets meet the objectives and policies of the Substitute Portfolios and that they are valued under the appropriate valuation procedures of the Current and Substitute Portfolios.

8. Applicants represent that the merger of investment divisions is intended to reduce administrative costs and thereby benefit contractowners with assets in those investment divisions. The purchase and sale transactions described in the application will be effected based on the net asset value of the shares held in the investment divisions and the value of the units of the investment division involved. Therefore, there will be no change in the value to any contractowner.

Conclusion

Applicants assert that, for the reasons summarized above, the requested orders approving the Substitution and related transactions involving in-kind redemptions and the merger of certain investment divisions should be granted.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-28176 Filed 10-23-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22860; International Series Rel No. 1105; 812-10552]

Old Mutual South Africa Equity Trust, et al.; Notice of Application

October 17, 1997.

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

ACTION: Notice of application under section 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Order requested to permit a non-registered investment company to sell certain securities to a registered investment company.

APPLICANTS: Old Mutual South Africa Equity Trust (the "Trust") and Old Mutual Global Assets Fund Limited (the "Global Fund").

FILING DATES: The application was filed on March 7, 1997, and amended on August 28, 1997.

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 November 12, 1997, 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 Fifth Street, NW., Washington, DC 20549. Applicants, 61 Front Street, Hamilton, Bermuda, Attention: Melanie Saunders.

FOR FURTHER INFORMATION CONTACT: Lawrence W. Pisto, Senior Counsel, at (202) 942-0527, or Christine Y. Greenlees, Branch Chief, at (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, 450 fifth Street, NW., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicants' Representations

1. The Trust is an open-end management investment company organized as a trust under Massachusetts law and registered under the Act. The investment objective of the Trust is long-term total return in excess of that of the Johannesburg Stock Exchange (the "JSE") Actuaries All Share Index through investment in equity securities of South African issuers that are listed on a securities exchange. Beneficial interests in the Trust are issued solely in a private placement transactions to investment companies, common or commingled trust funds, or similar entities that are "accredited investors" within the meaning of Regulation D under the Securities Act of 1933, as well as to certain investment funds organized outside the United States. As of August 12, 1997, 91.96% of the voting securities of the Trust was owned by Old Mutual Fund Holdings (Bermuda) Limited ("Old Mutual Fund Holdings"), a wholly-owned subsidiary of the South African Mutual Life Assurance Society ("Old Mutual").

2. The Global Fund is a fund organized under the laws of Bermuda that invests in a portfolio of South African and international securities. Old Mutual Fund Holdings is the sole shareholder of the Global Fund. The Trust and the Global Fund are managed by Old Mutual Asset Managers (Bermuda) Limited, a wholly-owned subsidiary of Old Mutual.

3. Persetel Holdings Limited ("Persetel") is a South African corporation. Its ordinary shares are listed on the JSE. In December of 1996 Persetel conducted a private placement of 70.5 million of its ordinary shares for the purpose of financing an acquisition. On January 15, 1997 (the "Trade Date"), the Global Fund subscribed for a total of 2,000,000 ordinary shares of Persetel (the "Persetel Shares") at U.S. \$6.23 per share, which represented a 10% discount from the Persetel Shares' market price on the Trade Date. On February 3, 1997 (the "Settlement Date"), the Global Fund purchased the Persetel Shares at U.S. \$6.40, which represented a 14.67% discount from the market price (the "February Price"). Applicants have stated that it is common practice in the South African equity markets for shares to be offered to large institutional investors at a discount to the market price.

4. Applicants propose that the Global Fund sell the Persetel Shares to the Trust. The purchase price to be paid by the Trust will be the February Price plus carrying costs relating to the investment (the "Purchase Price"). These carrying costs will reimburse the Global Fund for its estimated cost of funds (the overnight LIBOR plus 0.5%) from the Settlement Date through the date on which the Trust purchases the Persetel Shares (the "Trust Purchase Date").

Applicants' Legal Analysis

1. Section 17(a) of the Act prohibits any affiliated person of a registered investment company, acting as principal, knowingly to sell or purchase securities to or from the company. Section 2(a)(3) of the Act defines "affiliated person" of another person to include (a) any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person, (b) any person directly or indirectly controlling, controlled by, or under common control with the other person, or (c) if the other person is an investment company, any investment adviser of that person.

2. The Trust and the Global Fund are controlled by Old Mutual. The Trust and the Global Fund also share a common investment adviser. Thus, the

Trust and the Global Fund are "affiliated persons" within the meaning of section 2(a)(3) of the Act. As a result, a sale of securities by the Global Fund to the Trust is prohibited by section 17(a) of the Act.

3. Section 17(b) of the Act provides that the SEC may exempt a transaction from the prohibitions of section 17(a) if the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

4. Applicants submit that the requested relief meets the standards set forth in section 17(b). Applicants state that the trustees of the Trust and the Adviser have reviewed the proposed investment in detail, taking into consideration and nature of the investment, the fairness of the Purchase Price, and each of the factors set forth in Section 17(b) of the Act. On February 14, 1997, the board of trustees of the Trust, including a majority of the independent trustees of the Trust, including a majority of the independent trustees, approved the Trust's purchase of the Persetel Shares.

5. In evaluating the terms of the proposed transaction, the trustees of the Trust also considered the fact that the Purchase Price will include reimbursement of an affiliated person (i.e., the Global Fund) for its carrying costs from the Settlement Date through the Trust Purchase Date. Applicants state that the trustees of the Trust believe that it is fair for the Trust to reimburse the Global Fund for these amounts if it proceeds with the proposed transaction because the Trust will receive the benefit of the discounted price paid by the Global Fund for the Persetel Shares and any appreciation in the value of the Persetel Shares from the Settlement Date through the Trust Purchase Date. Applicants represent that, if the Purchase Price exceeds the current market price of the Persetel Shares on the Trust Purchase Date, the Trust will cancel the proposed transaction and not purchase the Persetel Shares from the Global Fund.

6. Applicants state that the proposed transaction would comply with the requirements of rule 17a-7,¹ except that the Purchase Price will be below market

¹ Rule 17a-7 permits certain purchase and sale transactions between an investment company and certain of its affiliated persons provided that certain conditions are met, including that the transaction be effected at the current market price of the security.

price and the Trust and the Global Fund are not affiliated persons solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common directors, and/or common officers.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-28177 Filed 11-23-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26765]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

October 17, 1997.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by November 10, 1997, to the Secretary, Securities and Exchange Commission, Washington, DC 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

West Texas Utilities Company

[70-8057]

West Texas Utilities Company ("WTU"), 301 Cypress Street, Abilene, Texas 79601-5820, a wholly owned electric public-utility subsidiary company of Central and South West