

security or other property to such registered company, or (b) to purchase from such registered company any security or other property. Section 2(a)(3) of the Act defines the term "affiliated person" of another person to include: (a) Any person owning, controlling or holding with power to vote, 5% or more of the outstanding voting securities of such other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (c) any person controlling, controlled by, or under common control with, such other person; and (d) if such other person is an investment company, any investment adviser thereof.

2. Section 17(b) of the Act provides that the SEC may exempt a transaction from section 17(a) of the Act if evidence establishes that (a) 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; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act.

3. Section 6(c) provides that the SEC may exempt any person or transaction from any provision of the Act or any rule under the Act 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.

4. Some of the CTF Conversions may be deemed to be subject to the prohibitions of section 17(a) of the Act because the Bank may have legal title to the assets of the CTF and therefore may be viewed as acting as a principal in the CTF Conversions. In addition, the Affiliated Plan is a participant in the Equity Growth Fund conversion. Certain CTF Conversions also involve Funds in which the Bank, as fiduciary for its trust and employee pension plan customers, may own or record or control or hold for such customers with power to vote 5% of a particular Fund's outstanding voting securities ("Affiliated Funds"). Accordingly, applicants request an order from the SEC pursuant to sections 6(c) and 17(b) of the Act exempting the CTF Conversions from section 17(b) of the Act on the terms and subject to the conditions set forth in the application.

5. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) of the Act mergers, consolidations, or purchases or sales of substantially all of

the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions are satisfied. The Fund Reorganizations and Consolidations may not be exempt from the prohibitions of section 17(a) by reason of rule 17a-8 because the Affiliated Funds may be an affiliated person of the Bank. The Bank or its affiliated persons are investment advisers to the Delaware Trusts. The Affiliated Funds, therefore, may each be an affiliated person of an affiliated person of the Delaware Trusts and, as such, be prohibited by section 17(a)(1) of the Act from selling any security or other property to the Delaware Trusts. As a consequence, the Fund Reorganizations may not meet the requirements of rule 17a-8. For this reason, applicants request an order from the SEC under section 17(b) of the Act exempting applicants from section 17(a) of the Act to the extent necessary to complete the Fund Reorganizations and Consolidations.

6. Applicants submit that the CTF Conversions satisfy the requirements of sections 6(c) and 17(b) of the Act and that the Reorganizations and Consolidations satisfy the requirements of section 17(b) of the Act. Applicants assert that the transactions are in the best interests of the CTFs, Funds, and Delaware Trusts. In approving or consenting to the transactions, the CTF fiduciaries and the Boards considered that the interests of shareholders will not be diluted; that the registered investment companies' investment objectives and policies are generally substantially identical in the Fund Reorganizations and Consolidations and comparable in the CTF Conversions; that the conditions and policies of rule 17a-7 and rule 17a-8 under the Act will be followed; that no overreaching by any affiliated person is occurring; and that the in-kind transfers of securities avoid the costs of selling securities by the Acquired Funds and the CTFs and purchasing the same or similar securities by the Acquiring Series of the Delaware Trusts. Applicants also submit that the CTF Conversions meet the section 6(c) standards for relief as necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act.

#### **Applicants' Conditions**

1. The proposed CTF Conversions will not occur unless and until: (a) The

boards of the Delaware Trusts and of the Funds (including a majority of their disinterested directors/trustees) and the Committee, Second Fiduciary, or the Bank, as the case may be, find that the CTF Conversions are in the best interests of the Delaware Trusts, Funds, and participants in the CTF, respectively, and (b) the boards of the Delaware Trusts and of the Funds (including a majority of their disinterested directors/trustees) find that the interests of the existing shareholders will not be diluted as a result of the proposed transfers. These determinations and the basis upon which they are made will be recorded fully in the records of the Delaware Trusts and the Funds.

2. In order to comply with the policies underlying rule 17a-8, any CTF Conversion will have to be approved by the board of the Delaware Trust or Fund and any CTF's Committee, Secondary Fiduciary, or the Bank, as appropriate, who would be required to find that the interests of beneficial owners would not be diluted.

3. The proposed transaction will comply with the terms of rule 17a-7(b) through (f).

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

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 97-29601 Filed 11-7-97; 8:45 am]

BILLING CODE 8010-01-M

## **SECURITIES AND EXCHANGE COMMISSION**

[Investment Company Act Release No. 22873; 812-10848]

### **Travelers Group Inc., et al.; Notice of Application**

November 3, 1997.

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

**ACTION:** Notice of application for exemption under section 6(c) of the Investment Company Act of 1940 (the "Act") from section 15(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants seek an order to permit the implementation, without shareholder approval, of new investment advisory agreements between Salomon Brothers Asset Management Inc ("SBAM"), Salomon Brothers Asset Management Limited ("SBAM Ltd"), Salomon Brothers Asset Management Asia Pacific ("SBAM AP") (collectively, the "Advisers") and various registered investment companies ("Investment

Companies”), for a period of up to 150 days following the date of consummation of a merger (but in no event later than June 9, 1998). The order also would permit the Advisers to receive all fees earned under the new investment advisory agreements following shareholder approval.

**APPLICANTS:** Travelers Group Inc. (“Travelers”), Smith Barney Holdings Inc. (“Smith Barney”), and Salomon Inc. (“Salomon”).

**FILING DATES:** The application was filed on October 30, 1997. 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 November 24, 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, N.W., Washington, D.C. 20549. Applicants: Travelers and Smith Barney, 388 Greenwich Street, New York, NY 10013; Salomon, Seven World Trade Center, New York, NY 10048.

**FOR FURTHER INFORMATION CONTACT:** John K. Forst, Attorney Advisor, at (202) 942-0569, or Christine Y. Greenless, 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, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

### Applicant’s Representations

1. Travelers is a diversified, integrated financial services company engaged in investment and asset management, consumer finance, and life and property-casualty insurance services. Salomon is a global investment banking and securities and commodities trading company. Salomon’s U.S. asset management business is conducted through SBAM, an indirect, wholly-owned subsidiary of Salomon and an

investment adviser registered under the Investment Advisers Act of 1940 (the “Advisers Act”). SBAM and its non-U.S. investment advisory affiliates<sup>1</sup> provide a broad range of fixed-income and equity investment advisory services, and serve as investment adviser, investment manager, or subadviser (as applicable) to the Investment Companies.<sup>2</sup>

2. On September 24, 1997, Travelers entered into a merger agreement with Salomon, under which a wholly-owned

<sup>1</sup>SBAM is affiliated with SBAM Ltd. and SBAM AP, each of which is registered as an investment adviser under the Advisers Act. SBAM Ltd. and SBAM AP act as subadviser to SBAM or share advisory responsibility with SBAM with respect to the Investment Companies.

<sup>2</sup>SBAM serves as the investment adviser to the following registered investment companies: Salomon Brothers Investors Fund Inc., Salomon Brothers Capital Fund Inc., Salomon Brothers Opportunity Fund Inc., Salomon Brothers Series Funds Inc., Salomon Brothers Institutional Series Fund Inc., The Salomon Brothers Fund Inc., Salomon Brothers 2008 Worldwide Dollar Government Term Trust Inc., Salomon Brothers Worldwide Income Fund Inc., Salomon Brothers High Income Fund Inc., The Emerging Markets Income Fund Inc., The Emerging Markets Income Fund II Inc., The Emerging Markets Floating Rate Fund Inc., Global Partners Income Fund Inc., Municipal Partners Fund Inc., and Municipal Partners Fund II Inc. SBAM serves as the subadviser to the following registered investment companies: Salomon Brothers Strategic Bond Opportunities Series and Salomon Brothers U.S. Government Series of New England Zenith Fund; Salomon Brothers/JNL Global Bond Series, Salomon Brothers/JNL U.S. Government & Quality Bond Series, Salomon Brothers/JNL High Yield Series, and Salomon Brothers/JNL Balanced Series of JNL Series Trust; Strategic Bond Trust and U.S. Government Securities Trust, which are series of NASL Series Trust; Strategic Income Fund, U.S. Government Securities Fund and National Municipal Bond Fund, which are series of North American Funds; Salomon Brothers U.S. Government Securities Portfolio, a series of WNL Series Trust; the Emerging Markets Debt Portfolio, a series of SEI International Trust; Nationwide Balanced Fund and Nationwide Multi Sector Bond Fund, which are or will be series of Nationwide Separate Account Trust; Americas Income Trust, Inc.; Heritage Income Trust; Latin America Investment Fund; and Irish Investment Fund. Inc. SBAM Ltd. serves as the subadviser to SBAM with respect to: Salomon Brothers Strategic Bond Fund, a series of Salomon Brothers Series Funds Inc.; Salomon Brothers Strategic Bond Opportunities Series, a series of New England Zenith Fund; Salomon Brothers/JNL Global Bond Series, a series of JNL Series Trust; Strategic Bond Trust, a series of NASL Series Trust; Strategic Income Fund, a series of North American Funds; and Nationwide Multi Sector Bond Fund, a series of Nationwide Separate Account Trust. SBAM AP serves as the subadviser to SBAM with respect to: Salomon Brothers Asia Growth Fund, a series of Salomon Brothers Series Funds Inc.; and, Salomon Brothers Institutional Asia Growth Fund, a series of Salomon Brothers Institutional Series Fund Inc.

In each of the foregoing cases, whether acting as investment manager, investment adviser, or subadviser, each Adviser (as applicable) is acting as an investment adviser within the meaning of section (2)(a)(20) of the Act, and serves as investment manager, investment adviser or subadviser under a contract subject to section 15 of the Act.

subsidiary of Travelers will be merged into Salomon, with Salomon continuing as the surviving entity and changing its name to Salomon Smith Barney Holdings Inc. (“Salomon Smith Barney”). Thereafter, Smith Barney, a subsidiary of Travelers, will merge with Salomon Smith Barney (the foregoing acquisitions are hereinafter collectively referred to as the “Transaction”). Applicants expect consummation of the Transaction during the latter part of November 1997.

3. Applicants request an exemption to permit implementation, in connection with the Transaction, prior to obtaining shareholder approval, of (i) new investment advisory agreements between each Investment Company currently being advised by SBAM, and SBAM, and (ii) new subadvisory agreements between each Investment Company’s investment adviser for whom an Adviser currently serves in the capacity of subadviser and an Adviser (collectively, “New Agreements”).<sup>3</sup> The requested exemption would cover an interim period of not more than 150 days beginning on the date the Transaction is consummated and continuing through the date on which each New Agreement is approved or disapproved by the shareholders of each Investment Company, but in no event later than June 9, 1998 (the “Interim Period”). Applicants represent that the New Agreements will have substantially the same terms and conditions as the existing investment advisory agreements (“Existing Agreements”), except in each case for the effective dates. Applicants state that each Investment Company should receive, during the Interim Period, the same investment advisory services, provided in the same manner and at the same fee levels, as it received prior to the Transaction.

4. Prior to consummation of the Transaction, the board of directors of each Investment Company (the “Board”) will meet, in accordance with section 15(c) of the Act, to consider the New Agreements and to evaluate whether the terms of the New Agreements are in the

<sup>13</sup>In certain instances, Investment Companies have obtained or, in the case of Nationwide Separate Account Trust, have applied for exemptive relief permitting the investment adviser to the Investment Company to hire and fire subadvisers without shareholder approval. See *NASL Financial Services Inc., et al.*, Investment Company Act Release Nos. 22382 (December 9, 1996) (notice) and 22429 (December 31, 1996) (order); *SEI Institutional Managed trust, et al.*, Investment Company Act Release Nos. 21863 (April 1, 1996) (notice) and 21921 (April 29, 1996) (order). To the extent permitted by their respective exemptive orders, these Investment Companies will not seek shareholder approval of new contracts with SBAM and SBAM Ltd.

best interests of the Investment Companies and their shareholders.<sup>4</sup>

5. Applicants expect that those Investment Companies for which SBAM provides advisory services will distribute proxy statements in November and hold shareholder meetings no later than January, 1998; those Investment Companies for which an Adviser provides subadvisory services will distribute proxy statements and hold shareholder meetings prior to the expiration of the Interim Period, but in no event later than June 9, 1998.

6. Applicants also request an exemption to permit the Advisers to receive from each Investment Company, upon approval by their respective shareholders, all fees earned under the New Agreements during the Interim Period. Applicants state that the fees to be paid during the Interim Period will be at the same rate as the fees that currently are being paid under the Existing Agreements.

7. Applicants propose to enter into an escrow arrangement with an unaffiliated financial institution. The fees payable to the Advisers during the Interim Period under the New Agreements will be paid into an interest-bearing escrow account maintained by the escrow agent. The escrow agent will release the amounts held in the escrow account (including any interest earned): (a) to the relevant Adviser only upon approval of the relevant New Agreement by the shareholders of the relevant Investment Company, or (b) to the relevant Investment Company if the Interim Period has ended and its New Agreement has not received the requisite shareholder approval. Before any such release is made, the directors of the Investment Companies who are not "interested persons," as that term is defined in section 2(a)(19) of the Act (the "Independent Directors"), will be notified.

#### Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in pertinent part, that it is unlawful for any person to serve as an investment adviser to a registered investment company, except pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of the investment company. Section 15(a) further requires that the written contract provide for its automatic termination in the event of its "assignment." Section 2(a)(4) of the Act defines the term "assignment" to

include any direct or indirect transfer of a contract by the assignor.

2. Applicants state that the Transaction could be deemed to result in an assignment of the Existing Agreements and, therefore, their termination upon consummation of the Transaction.

3. Section 6(c) 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. Applicants believe that the requested relief meets this standard.

4. Applicants note that the form and timing of the Transaction were determined by Travelers and Salomon in response to a number of factors beyond the scope of the Act and unrelated to the Investment Companies and the Advisers. Applicants submit that those considerations do not allow a time schedule that permits the solicitation of shareholder approval of the New Agreements prior to the consummation of the Transaction. Applicants submit that it is in the best interests of each Investment Company's shareholders to avoid any interruption in services to the Investment Companies and to allow sufficient time for the shareholders to consider the New Agreements.

5. Applicants submit that the scope and quality of services provided to the Investment Companies during the Interim Period will not be diminished. During the Interim Period, the Advisers would operate under the New Agreements, which would be substantially the same as the Existing Agreements, except for their effective dates. Applicants submit that they are not aware of any material changes in the personnel who will provide investment management services during the Interim Period. Accordingly, the Investment Companies should receive, during the Interim Period, the same advisory services, provided in the same manner, at the same fee levels, and by substantially the same personnel as they received before the Transaction.

6. Applicants contend that the best interests of shareholders of the Investment Companies would be served if the Advisers receive fees for their services during the Interim Period. Applicants state that the fees are a substantial part of the Advisers' total revenues and, thus, are essential to maintaining their ability to provide services to the Investment Companies. In addition, the fees to be paid during

the Interim Period will be at the same rate as the fees that currently are being paid under the Existing Agreements, which have been approved by the Board and the shareholders of each Investment Company.

#### Applicants' Conditions

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

1. (a) The new advisory agreements to be implemented during the Interim Period will have substantially the same terms and conditions as the existing advisory agreements, (b) the new subadvisory agreements to be implemented during the Interim Period will have substantially the same terms and conditions as the existing subadvisory agreements, except in each case for the effective dates.

2. Fees earned by SBAM, SBAM Ltd and SBAM AP in respect of the new advisory agreements during the Interim Period will be maintained in an interest-bearing escrow account with an unaffiliated bank, and amounts in the account (including interest earned on such paid fees) will be paid (a) to SBAM, SBAM Ltd and SBAM AP in accordance with the new advisory agreements, after the requisite shareholder approvals are obtained, or (b) to the respective Investment Company, in the absence of such approval with respect to such Investment Company.

3. The Investment Companies will hold meetings of shareholders to vote on approval of the new advisory agreements on or before the 150th day following the consummation of the Transaction (but in no event later than June 9, 1998).

4. Travelers or its affiliates will pay the costs of preparing and filing the application, and costs relating to the solicitation of approval of the Investment Companies' shareholders necessitated by the Transaction, unless such solicitation occurs in conjunction with a particular Investment Company's annual meeting of shareholders at which other matters are also considered, in which case a portion of the costs may be allocated to such Investment Company.

5. SBAM, SBAM Ltd and SBAM AP will take all appropriate steps so that the scope and quality of advisory and other services provided to the Investment Companies during the Interim Period will be at least equivalent, in the judgment of the respective Boards, including a majority of the disinterested directors, to the scope and quality of services previously provided. If personnel providing

<sup>4</sup> To the extent that the Board of any Investment Company cannot meet prior to the consummation of the Transaction, applicants acknowledge that such Investment Company may not rely on the exemptive relief requested in the application.

material services during the Interim Period change materially, SBAM, SBAM Ltd and/or SBAM AP will apprise and consult with the Boards of the affected Investment Companies to assure that the Boards, including a majority of the disinterested directors, are satisfied that the services provided will not be diminished in scope or quality.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-29533 Filed 11-7-97; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of November 10, 1997.

An open meeting will be held on Thursday, November 13, 1997, at 10:00 a.m., followed by a closed meeting.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4) (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Johnson, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the open meeting scheduled for Thursday, November 13, 1997, at 10:00 a.m., will be:

(1) Consideration of whether to propose: (i) Amendments to rule 203A-2 under the Investment Advisers Act of 1940, to exempt investment advisers that are required to register in thirty or more states (but do not have \$25 million or more of assets under management or otherwise meet the criteria for SEC registration) from the prohibition on

SEC registration; and (ii) two alternative amendments to rule 203A-3 under the Investment Advisers Act of 1940, to revise the definition of investment adviser representative. Rule 203A-3, adopted in May 1997, excludes from the definition of investment adviser representative (and thus excludes from state qualification requirements) supervised persons of an SEC-registered adviser if no more than ten percent of their clients are natural persons. The proposed amendments to rule 203A-3 would allow supervised persons who provide services to one or a few institutional or business client accounts to continue to have accommodation clients without being subject to state qualification requirements.

Consideration also will be given to whether to propose amendments to rule 205-3 under the Investment Advisers Act of 1940, which permits investment advisers to charge performance or incentive fees to certain eligible clients. The rule amendments would: (i) eliminate the provisions of the rule that prescribe contractual terms and require specific disclosures; (ii) revise the threshold levels for determining client eligibility to reflect the effects of inflation on the levels established in 1985 when rule 205-3 was adopted; and (iii) make all "qualified purchasers" (who are eligible to invest in certain privately offered investment companies exempt from registration under section 3(c)(7) of the Investment Company Act of 1940) eligible for the performance fee exemption. For further information, please contact Kathy Ireland at (202) 942-0530.

(2) Consideration of whether to propose for public comment rule 154 under the Securities Act of 1933 and amendments to rules 30d-1 and 30d-2 under the Investment Company Act of 1940 and rules 14a-3, 14c-3 and 14c-7 under the Securities Exchange Act of 1934. The proposals would permit delivery of a single prospectus or shareholder report to investors sharing the same address. For further information, please contact Marilyn Mann at (202) 942-0582 or Elizabeth Murphy at (202) 942-2848.

The subject matter of the closed meeting scheduled for Thursday, November 13, 1997, following the 10:00 a.m. open meeting, will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: November 5, 1997.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-29702 Filed 11-5-97; 4:52 pm]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

### Trinity Gas Corporation; Order of Suspension of Trading

November 6, 1997.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Trinity Gas Corporation, a Nevada corporation with executive offices located at One Center Ave., Nationsbank Plaza, Suite 200, Brownwood, Texas 76801, and that questions have been raised about recent market activity in the securities of the company and the adequacy of publicly disseminated information concerning, among other things, the valuation of the company's assets, the results of its business operations, and the recent resignation of its auditors.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

*Therefore, It Is Ordered*, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. (EST), on November 6, 1997, through 11:59 p.m. (EST), on November 19, 1997.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-29749 Filed 11-6-97; 12:35 pm]

BILLING CODE 8010-01-M