intended by the policies and provisions of the Act. Applicants request an order exempting them from section 15(a) and rule 18f–2 to the extent necessary to permit the Manager to enter into and materially amend the Advisory Agreements.

3. Applicants believe that shareholders in the Portfolios rely on the Manager's experience and expertise in selecting, evaluating, and, if necessary, firing the Advisers. Applicants state that the expenses of convening a special meeting of shareholders and conducting a proxy solicitation to obtain shareholder approval of a new Adviser and/or an amendment of an Advisory Agreement would be a substantial burden on the affected Portfolio. Applicants submit that permitting the Manager to perform the activities that it is paid by the Portfolios to perform—the selection, supervision, and evaluation of Advisers—without incurring unnecessary expense or delay is in the best interests of the shareholders and will allow each Portfolio to operate more efficiently. Applicants note that the Management Agreement between the Trust and the Manager will remain subject to shareholder approval.

Applicants' Conditions

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

1. Before a Portfolio may rely on the order, the operation of the Portfolio as described in the application will be approved by a majority of the Portfolio's outstanding voting securities (or, if the Portfolio serves as a funding medium for any sub-account of a registered separate account, then pursuant to voting instructions provided by the unitholders of the sub-account), as defined in the Act, or, in the case of a new Portfolio whose public shareholders purchased shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the sole initial shareholder before offering shares of such Portfolio to the public.

2. Each Portfolio will disclose in its prospectus the existence, substance, and effect of the order. In addition, each Portfolio will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Manager has ultimate responsibility to oversee Advisers and recommend their hiring, termination, and replacement.

3. At all times, a majority of the Trustees of the Trust will be Independent Trustees, and the nomination of new or additional Independent Trustees will be placed within the discretion of the then-existing Independent Trustees.

4. The Manager will not enter into an Advisory Agreement with an Adviser that is an ''affiliated person'' (as defined in section 2(a)(3) of the Act) of the Portfolio or the Manager, other than by reason of serving as an Adviser to a Portfolio (an ''Affiliated Adviser''), without the agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Portfolio (or, if the Portfolio serves as a funding medium for any sub-account of a registered separate account, then pursuant to voting instructions by the unitholders of the sub-account).

5. When an Adviser change is proposed for a Portfolio with an Affiliated Adviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the Board's minutes, that the change is in the best interests of the Portfolio and its shareholders (or, if the Portfolio serves as a funding medium for any sub-account of a registered separate account, in the best interests of the Portfolio and the unitholders of any sub-account) and that the change does not involve a conflict of interest from which the Manager or the Affiliated Adviser derives an inappropriate advantage.

6. Within 90 days of the hiring of any new Adviser, shareholders (or, if the Portfolio serves as a funding medium for any sub-account of registered separate account, the unitholders of the sub-account) will be furnished all information about the new Adviser or Advisory Agreement that would be included in a proxy statement. The information will include any change in the disclosure caused by the addition of a new Adviser. The Manager will meet this condition by providing shareholders (or, if the Portfolio serves as a funding medium for any sub-account of a registered separate account, then by providing the unitholders of the sub-account), within 90 days of the hiring of an Adviser, with an information statement meeting the requirements of Regulation 14C and Schedule 14C under the Securities Exchange Act of 1934 (the ''Exchange Act''). The information statement will also meet the requirements of Schedule 14A of the Exchange Act.

7. The Manager will provide general management services to each Portfolio, including overall supervisory responsibility for the general management and investment of each Portfolio's securities portfolios, and, subject to review and approval by the Board will (i) set each Portfolio's overall investment strategies, (ii) select Advisers, (iii) when appropriate, recommend to the Board, the allocation and reallocation of a Portfolio's assets among multiple Advisers, (iv) monitor and evaluate the investment performance of Advisers, and (v) implement procedures reasonably designed to ensure that the Advisers comply with the relevant Portfolio's investment objective, policies, and restrictions.

8. No Trustee or officer of the Trust, or director or officer of the Manager will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by that Trustee, director, or officer) any interest in an Adviser except for (i) ownership of interests in the Manager or any entity that controls, is controlled by, or is under common control with the Manager, or (ii) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly traded company that is either an Adviser or an entity that controls, is controlled by, or is under common control with an Adviser.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–8779 Filed 4–2–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–23088; 812–10712]

Lord Abbett Investment Trust, et al.; Notice of Application

March 27, 1998.

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

ACTION: Notice of application under section 12(d)(1)(J) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 12(d)(1)(G)(i)(II) of the Act and pursuant to section 17(d) of the Act and rule 17d–1 under the Act.

Summary of Application

The order would permit a fund of funds relying on section 12(d)(1)(G) to make investments in equity and debt securities and would permit applicants to enter into certain expense sharing arrangements.

Applicants

Lord Abbett Investment Trust (''Investment Trust''), Lord Abbett Affiliated Fund, Inc. (''Affiliated Fund''), Lord Abbett Bond-Debenture

Fund, Inc. (''Bond-Debenture Fund''), Lord Abbett Developing Growth Fund, Inc. (''Developing Growth Fund''), Lord Abbett Equity Fund, Lord Abbett Mid-Cap Value Fund, Inc., Lord Abbett Global Fund, Inc., Lord Abbett Securities Trust, Lord Abbett Research Fund, Inc., Lord Abbett Tax-Free Income Fund, Inc., Lord Abbett Tax-Free Income Trust, Lord Abbett U.S. Government Securities Money Market Fund, Inc. (collectively, ''Lord Abbett Funds''), any registered open-end management investment company organized in the future, including any series thereof, that is part of the same ''group of investment companies,'' as defined in section 12(d)(1)(G)(ii) of the Act, as the Lord Abbett Funds and is advised by Lord Abbett & Co. (''Lord Abbett''), and Lord Abbett.

Filing Dates

The application was filed on July 1, 1997, and amended on February 27, 1998. 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 the 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 April 20, 1998, and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writers' request, 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. Applicants, 767 Fifth Avenue, New York, NY 10153.

FOR FURTHER INFORMATION CONTACT: 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 from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942–8090).

Applicant's Representations

1. Each of the applicants other than Lord Abbett is an open-end management investment company registered under the Act. Some of the applicants are organized as series companies. Investment Trust currently has five series, including the Balanced Series (''Balanced Series''). Lord Abbett Securities Trust currently has four series, including the Alpha Series (''Alpha Series'') and the International Series (''International Series''). The Lord Abbett Research Fund, Inc. currently has three series, including the Small-Cap Series (''Small-Cap Series'').

2. Lord Abbett, an investment adviser registered under the Investment Advisers Act of 1940, is the investment adviser for each of the applicants.

3. The investment objective of the Balanced Series is to seek current income and capital growth. The Balanced Series invests in a combination of equity and fixed-income securities. The investment objective of the Affiliated Fund is long-term growth of capital and income without excessive fluctuations in market value. Normally, the Affiliated Fund invests in equity securities of large companies (including securities convertible into common stocks), which are expected to perform above average with respect to earnings and appreciation. The investment objective of the Bond-Debenture Fund is high current income by investing primarily in convertible and discount debt securities.

4. To date, the Balanced Series has attempted to achieve its investment objective by investing directly in equity and debt securities. The Balanced Series now believes it may be preferable to achieve its investment objective by investing in the Affiliated Fund and the Bond-Debenture Fund. For tax reasons, the Balanced Series believes it would be preferable to shift its investments into those Funds gradually. Accordingly, any assets that are not invested in the Affiliated Fund or the Bond-Debenture Fund will continue to be invested directly in portfolio securities.[1] The Balanced Series expects that within the next year, it will be entirely invested in the types of securities specified in section 12(d)(1)(G) and thus no longer will need to rely on the exemption from section12(d)(1)(G) sought in the application.

5. The Alpha Series seeks long-term capital appreciation. Currently, the Alpha Series invests in the Developing Growth Fund, the International Series, and the Small-Cap Series in reliance on section 12(d)(1)(G).

6. Applicants anticipate that in the future one or more registered open-end management investment companies that are part of the same group of investment companies, as defined in section 12(d)(1)(G)(i)(II) of the Act, as the Lord Abbett Funds and are advised by Lord Abbett may operate as a fund of funds in reliance on section 12(d)(1)(G). As used herein, the term ''Top Fund'' refers to the Balanced Series, the Alpha Series, and any other applicant that operates as a fund of funds in reliance on section 12(d)(1)(G). The term ''Underlying Fund'' refers to the Affiliated Fund, the Bond-Debenture Fund, the Developing Growth Fund, the International Series, the Small-Cap Series, and any other applicant in which a Top Fund invests. Applicants currently anticipate that the existing investment company applicants, other than the Balanced Series and the Alpha Series, would be Underlying Funds, rather than Top Funds, although applicants cannot foreclose the possibility that one or more of the existing investment company applicants other than the Balanced Series and the Alpha Series would be Top Funds.

7. Lord Abbett may charge an advisory fee to the Balanced Series with respect to that portion of the assets of the Balanced Series invested directly in stocks, bonds and other instruments. With respect to the portion of the assets of the Balanced Series invested in the Affiliated Fund or the Bond-Debenture Fund (and thus during the period the Balanced Series is relying on the relief from section 12(d)(1)), Lord Abbett will not charge any advisory fee to the Balanced Series except subject to the determination required by condition 2 to the application that the fee is based upon services under an investment advisory contract that are additional to, rather than duplicative of, services provided pursuant to the advisory contracts of the Affiliated Fund and the Bond-Debenture Fund.

8. Both the Affiliated Fund and the Bond-Debenture fund currently have five classes of shares, Class A, B, and C shares, and two new classes of shares, Class P and Y shares. It is anticipated that the Balanced Series will purchase Class Y shares of the Affiliated Fund and the Bond-Debenture Fund. Currently, Class Y shares are not subject to sales loads (front-end or deferred) or distribution or shareholder servicing fees under a rule 12b–1 plan. The Affiliated Fund and the Bond-Debenture Fund each anticipate that, under their rule 18f–3 plans, only fees under a 12b–1 plan applicable to a specific class (net of any contingent deferred sales charge (''CDSC'') paid with respect to shares of

[1] The Balanced Series will invest in investment companies only to the extent contemplated by the requested relief.

such class and retained by the Fund) will be allocated on a class-specific basis.

9. The Balanced Series currently has two classes of shares, Class A and C shares. Class A shares are subject to a front-end sales load and a plan of distribution under rule 12b–1, but the plan of distribution is not currently operative. Class C shares currently are subject to a CDSC of 1% for shares redeemed within one year and a plan of distribution under rule 12b–1 that authorizes payments to authorized institutions of (a) a service fee and a distribution fee, at the time shares are sold, not to exceed 0.25 and 0.75 of 1%, respectively, of the net asset value of the shares, and (b) at each quarter-end after the first anniversary of the sale of the shares, fees for services and distribution at annual rates not to exceed 0.25 and 0.75 of 1%, respectively, of the average annual net asset value of the shares outstanding. Applicants reserve the right to add, delete or change any of these sales loads, charges and fees in the future, subject to condition 1 to the requested relief and any other provisions or limitations of applicable law. Most of the remaining applicants are multiple class funds in reliance on rule 18f–3 under the Act.

10. The Top Funds and the Underlying Funds intent to enter into one or more servicing arrangements (each a ''Servicing Arrangement''). The Arrangement would provide that each Underlying Fund would bear the expenses of the Top Fund (in proportion to the average daily value of the Underlying Fund's shares owned by the Top Fund), excluding any advisory fees and distribution expenses, provided that the aggregate value of the Top Fund expenses borne is less than the value of benefits expected to flow to that Underlying Fund as a result of the Top Fund's investment therein. The expenses of a Top Fund paid or assumed by an Underlying Fund will not be treated as a class-based expense by the Underlying Fund. To the extent that applicants enter into a Servicing Arrangement, they will do so only in accordance with condition 3 to the application.

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of other investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(G) of the Act provides that section 12(d)(1) will not apply to securities of an acquired company purchased by an acquiring company if: (a) the acquiring company and the acquired company are part of the same group of investment companies; (b) the acquiring company holds only securities of acquired companies that are part of the same group of investment companies, government securities, and short-term paper; (c) the aggregate sales loads and distribution-related fees of the acquiring company and the acquired company are limited; and (d) the acquired company has a policy that prohibits it from acquiring securities of registered open-end investment companies or registered unit investment trusts in reliance on section 13(d)(1)(F) or (G).

3. Applicants request relief from section 12(d)(1)(G)(i)(II) to the extent necessary to permit the Balanced Series, the Affiliated Fund, and the Bond-Debenture Fund to operate as fund of funds within each requirement of section 12(d)(1)(G) of the Act, with the exception of the requirement that the Balanced Series limit its investments in individual securities to Government securities and short-term paper.

4. Section 12(d)(1)(J) of the Act provides that the SEC may exempt persons or transactions from any provision of section 12(d)(1) if and to the extent that the exemption is consistent with the public interest and the protection of investors.

5. Applicants state that the proposed arrangement would comply with section 12(d)(1)(G), but for the fact that the Balanced Series, in addition to investing in the Underlying Funds, wishes to retain the flexibility to invest directly in stocks, bonds and other instruments until it has eliminated all unrecognized capital gains in its existing portfolio. Applicants expect that the Balanced Series eventually will invest only in instruments permitted by section 12(d)(1)(G)(i)(II). Applicants submit that the Balanced Series' proposed direct investments in securities and other instruments as described in the application do not raise any of the concerns that section 12(d)(1) was designed to address.

6. Section 17(d) of the Act and rule 17d–1 under the Act prohibit an affiliated person of a registered investment company, acting as principal, from participating in any joint arrangement with the investment company unless the SEC has issued an order authorizing the arrangement. Applicants state that each of the investment company applicants would be deemed to be an affiliated person of each other applicant, by virtue of having a common adviser and common officers and directors. Consequently, the Servicing Arrangements under which one or more of the applicants may pay a portion of the administrative expenses of another applicant could be viewed as joint transactions, enterprises or arrangements within the meaning of section 17(d) and rule 17d–1.

7. In determining whether to grant an exemption under rule 17d–1, the SEC considers whether the investment company's participation in the joint enterprise is consistent with the provision, 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.

8. Applicants state that a Top Fund, by investing its assets in an Underlying Fund, enables the Underlying Fund to spread the Underlying Fund's expenses over a larger asset base. Applicants further submit that the Top Funds are expected to generate benefits or savings for the Underlying Funds due to the reduced shareholder servicing expenses that result from the reduction in the number of shareholder accounts.

9. Applicants believe that any Servicing Arrangement would be advantageous to each applicant and that the participation of the investment companies would not be on a basis less advantageous or different from that of any other participants. In particular, applicants note that each Underlying Fund would pay a Top Fund's expenses only in direct proportion to the average daily value of the Underlying Fund's shares owned by the Top Fund to ensure that expenses of the Top Fund would be borne proportionately and fairly. In addition, applicants state that, prior to an Underlying Fund's entering into a Servicing Arrangement, and at least annually thereafter, the board of directors of the Underlying Fund, including a majority of directors who are not interested persons of the Underlying Fund (the ''Board''), must determine that the Servicing Arrangement will result in quantifiable benefits to each class of shareholders of

the Underlying Fund and to the Underlying Fund as a whole that will exceed the costs of the Servicing Arrangement borne by each class of shareholders of the Underlying Fund and by the Underlying Fund as a whole (''Net Benefits''). In making the annual determination, one of the factors the Board must consider is the amount of Net Benefits actually experienced by each class of shareholders of the Underlying Fund and the Underlying Fund as a whole during the preceding year. For these reasons, applicants believe that the requested relief meets the standards of section 17(d) and rule 17d–1.

Applicants' Conditions

The applicants agree that any order granting the requested relief will be subject to the following conditions:

1. The Balanced Series, the Affiliated Fund, and the Bond-Debenture Fund will comply with section 12(d)(1)(G) of the Act, except for the requirement set forth in section 12(d)(1)(G)(i)(II) to the extent that the Balanced Series invests in securities as described in the application.

2. Before approving any advisory contract under section 15 of the Act, the directors of the Investment Trust, including a majority of the directors who are not ''interested persons,'' shall find that the advisory fees, if any, charged under such contract are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to the advisory contracts of the Affiliated Fund and the Bond-Debenture Fund. Such finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Investment Trust.

3. Prior to an Underlying Fund's entering into a Servicing Arrangement, and at least annually thereafter, the board of directors of the Underlying Fund, including a majority of directors who are not interested persons of the Underlying Fund (the ''Board''), must determine that the Servicing Arrangement will result in quantifiable benefits to each class of shareholders of the Underlying Fund and to the Underlying Fund as a whole that will exceed the costs of the Servicing Arrangement borne by each class of shareholders of the Underlying Fund and by the Underlying Fund as a whole (''Net Benefits''). In making the annual determination, one of the factors the Board must consider is the amount of Net Benefits actually experienced by each class of shareholders of the Underlying Fund and the Underlying Fund as a whole during the preceding year. The Underlying Fund will preserve for a period of not less than six years from the date of a Board determination, the first two years in an easily accessible place, a record of the determination and the basis and information upon which the determination was made. This record will be subject to examination by the SEC and its staff.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–8720 Filed 4–2–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26851]

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

March 27, 1998.

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 April 21, 1998, to the Secretary, Securities and Exchange Commission, Washington, D.C. 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.

Central and South West Services, Inc. (70–8531)

Central and South West Services, Inc. (''CSWS''), 1616 Woodall Rodgers Freeway, P.O. Box 660164, Dallas, Texas 75266, a service company subsidiary of Central and South West Corporation (''CSW''), a registered holding company, has filed a post-effective amendment to an application under sections 9(a) and 10 of the Act and rule 54 under the Act.

By orders dated April 26, 1995 (HCAR No. 26280) and December 11, 1997 (HCAR No. 26794) (''Orders''), the Commission authorized CSWS to use excess resources in its engineering and construction department, not needed to provide services to associates within the CSW system at any given time, to provide power plant control system procurement, integration and programming services, and power plant engineering and construction services to nonassociate utilities through December 31, 2002.

CSWS now proposes to expand the authority granted in the Orders to more clearly identify the excess engineering and construction services[1] and provide related environmental[2] and equipment maintenance services[3] to nonassociate companies.

American Electric Power Co., et al. (70–8693)

American Electric Power Company, Inc. (''AEP''), 1 Riverside Plaza, Columbus, Ohio, 43215, a registered holding company, and its eight wholly owned electric utility subsidiary companies, Appalachian Power Company (''Appalachian''), Kingsport Power Company (''Kingsport''), both at 40 Franklin Road, S.W., Roanoke, Virginia, 24011, Columbus Southern Power Company (''Columbus''), 215 North Front Street, Columbus, Ohio, 43215, Indiana Michigan Power Company (''Indiana''), One Summit Square, P.O. Box 60, Fort Wayne, Indiana, 46801, Kentucky Power

[1] The engineering and construction services will relate to: consulting; design engineering; power quality; predictive maintenance; energy efficiency; field construction support and field construction; control system integration and engineering; project development (small cogeneration, steam production and renewable resources); production facilities operation; instrument engineering; electrical engineering; mechanical engineering; civil engineering and procurement activities.

[2] The environmental services activities will relate to: Gas emission equipment; continuous emission monitoring system; environmental laboratory; environmental & occupational health strategic planning; environmental & occupational health permitting; environmental & occupational health management systems; and environmental & occupational health compliance management.

[3] The equipment maintenance services (''Equipment Services'') will be limited to equipment used by CSW and its subsidiaries in their core utility business. The Equipment Services will consist of: repair, overhaul, and upgrades to equipment; machine shop services; vibration analysis and equipment balancing; welding and fabrication; field consulting and machining.