

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23900; 812-11646]

The Wachovia Funds, et al., Notice of Application

July 9, 1999.

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

ACTION: Notice of Application under sections 6(c) and 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain common trust funds to transfer their assets to certain series of registered open-end management companies in exchange for shares of the series.

APPLICANTS: The Wachovia Funds ("Trust"); Wachovia Bank, N.A. ("Wachovia"), Wachovia Corporation, Wachovia Capital Management Special Values Fund ("Special Values Fund"), and Wachovia Stock Fund ("Stock Fund").

FILING DATES: The application was filed on June 9, 1999. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on July 29, 1999, 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 Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. Applicants, c/o William Stoyko, Esq., Wachovia Bank, N.A., 1021 East Cary Street, P.O. Box 27602 Richmond, VA 23261.

FOR FURTHER INFORMATION CONTACT: John K. Forst, Attorney Advisory at (202) 942-0569, or Michael W. Mundt, 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 Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicant's Representations

1. The Trust is a Massachusetts business trust registered under the Act as an open-end management investment company which offers fourteen series, including the Wachovia Special Values Fund and Wachovia Quantitative Equity Fund ("Mutual Funds"). Wachovia Asset Management, a business unit of Wachovia, acts as investment adviser to each Mutual Fund. As a "bank" within the meaning of section 202(a)(2) of the Investment Advisers Act of 1940 (the "Advisers Act"), Wachovia is exempt from registration under the Advisers Act.

2. Wachovia, a national bank, is a wholly-owned subsidiary of Wachovia Corporation, a bank holding company. Special Values Fund and Stock Fund are maintained by Wachovia as trustee and are "common trust funds" as defined in section 584(a) of the Internal Revenue Code of 1986, as amended ("CTFs"). Participants in the CTFs are persons or entities for which Wachovia acts as trustee, executor, administrator, guardian, or custodian ("Participants"). Wachovia is trustee for the Wachovia Pension Plan ("WPP"), an employee benefit plan maintained for employees of Wachovia Corporation and its subsidiaries. WPP holds more than 5% of the outstanding voting shares of each of the Mutual Funds.

3. Applicants propose to transfer in-kind the assets of Special Values Fund to Wachovia Special Values Fund and of Stock Fund to Wachovia Quantitative Equity Fund in exchange for Mutual Fund shares having an aggregate net asset value equal to the market value of the transferred securities (the "Conversions"). The CTF assets to be transferred to the Mutual Funds will be valued in accordance with the provisions of rule 17a-7(b) under the Act. The Mutual Fund shares received in the Conversions will not be subject to a sales charge, redemption fee or rule 12b-1 distribution fee. The Mutual Fund shares received by the CTFs will be credited to the account of each Participant, pro rata, according to the Participant's interest in the relevant CTF immediately prior to the Conversions. Following the Conversions, the CTFs will be terminated and the Mutual Fund shares will be held by Wachovia directly for the benefit of the Participants. Wachovia will pay all expenses incurred in connection with the Conversions.

4. Applicants request relief to effect the Conversions, which are expected to occur on August 1, 1999. Applicants also request relief for similar future transactions in which assets of a CTF maintained by Wachovia as trustee are exchanged for shares of a registered open-end management investment company advised by Wachovia or any entity controlling, controlled by, or under common control with Wachovia, and in which, at that time, WPP or other employee benefit plans maintained for the benefit of Wachovia or its affiliates own 5% or more of the shares ("Future Transactions"). Applicants state that they will rely on the requested relief for Future Transactions only in accordance with the terms and conditions contained in the application.

Applicants' Legal Analysis

1. Section 17(a) of the Act, in relevant part, prohibits an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from selling to or purchasing from such investment company any security or other property. Section 2(a)(3) of the Act, in relevant part, defines "affiliated person" to include: (a) Any person directly or indirectly owning, controlling, or holding with the power to vote, 5% or more of the outstanding voting securities of such other person; (b) any person directly or indirectly controlling, controlled by, or under common control with, such other person; and (c) if such other person is an investment company, any investment adviser of the investment company. Applicants state that, because the CTFs may be viewed as acting as principals in the Conversions and because the CTFs and the Mutual Funds may be viewed as being under the common control of Wachovia within the meaning of section 2(a)(3)(C) of the Act, the Conversions may be subject to the prohibitions contained in section 17(a).

2. Rule 17a-7 under the Act exempts certain purchase and sale transactions otherwise prohibited by section 17(a) if an affiliation exists solely by reason of having a common investment adviser, common directors, and/or common officers, provided, among other requirements, that the transaction involves a cash payment against prompt delivery of the security. Applicants state that rule 17a-7 is not available for the Conversions because WPP currently owns more than 5% of the outstanding voting securities of the Mutual Funds and Wachovia may be deemed to have an indirect pecuniary interest in the performance of the assets held by WPP. As a result, the affiliation between the

CTFs and the Mutual Funds may not be solely by reason of having a common investment adviser, common directors, and/or common officers. In addition, the Conversions will be effected as in-kind transfers, rather than in cash.

3. Rule 17a-8 under the Act exempts certain mergers, consolidations, and sales of assets of registered investment companies from the provisions of section 17(a) of the Act if an affiliation exists solely by reason of having a common investment adviser, common directors, and/or common officers, provided, among other requirements, that the board of directors of each investment company makes certain determinations. Applicants state that rule 17a-8 is not available for the Conversions because the CTFs are not registered investment companies and because the CTFs and the Mutual Funds have affiliations other than those covered by the rule.

4. Section 17(b) of the Act provides that the Commission shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policy of the registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

5. Section 6(c) provides that the Commission 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.

6. Applicants seek an order under sections 6(c) and 17(b) of the Act to permit the Conversions and Future Transactions. Applicants submit that the proposed transactions satisfy the standards for relief under sections 6(c) and 17(b). Applicants assert that the terms of the Conversions are reasonable and fair and do not involve overreaching on the part of any person; the investment objectives and policies of the CTFs are compatible with and similar to the applicable Mutual Fund's investment objectives and policies; and the Conversions and the requested exemption are in the public interest, consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act.

7. Applicants state that the Conversions will meet all of the conditions of rules 17a-7 and 17a-8,

except as noted above. Applicants state that the Conversions are in accordance with procedures previously adopted by the Mutual Funds' board of trustees (the "Board") pursuant to rule 17a-7(e), and the provisions of rule 17a-7(b), (c), (d), and (f) will be satisfied. The Conversions will take place as in-kind transfers from the CTFs to the Mutual Funds, rather than cash transactions as required by rule 17a-7(a). Applicants assert that if the Conversions were effected in cash, the CTFs and the Mutual Funds would have to bear unnecessary expense and inconvenience in transferring assets to the Mutual Funds. In addition, applicants state that the Board, including a majority of the disinterested members, has determined that the participation of each Mutual Fund in the Conversions is in the best interests of that Mutual Fund and that the interests of existing shareholders of the Mutual Fund will not be diluted as a result of a Conversion. Such findings and the basis on which they were made will be fully recorded in the minute books of the Mutual Funds.

Applicants' Conditions

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

1. The Conversions will comply with the terms of Rule 17a-7(b) through (f).

2. The Conversions will not occur unless and until the Board (including a majority of the disinterested members) finds that participation by the Mutual Funds in the Conversions is in the best interests of each Mutual Fund and that the interests of the existing shareholders of the Mutual Funds will not be diluted as a result of the Conversions. These findings, and the basis upon which they are made, will be recorded fully in the minute books of the Trust.

3. The Conversions will not occur unless and until Wachovia, as trustee and fiduciary of each CTF and the Participants therein, has determined in accordance with its fiduciary duties that the Conversions are in the best interests of Participants in the CTFs.

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

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23898; 812-11482]

Wayne Hummer Investment Trust, et al.; Notice of Application

July 8, 1999.

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

ACTION: Notice of an application under section 12(d)(1)(J) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 12(d)(1)(A) and (B) of the Act, under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint transactions.

SUMMARY OF APPLICATION: Applicants request an order that would permit certain registered open-end management investment companies to use uninvested cash to purchase shares of affiliated money market funds.

APPLICANTS: Wayne Hummer Investment Trust ("Trust"), all existing and future series thereof, and any other registered open-end management investment company and its series that are currently or in the future advised by Wayne Hummer Management Company (the "Adviser") or any entity controlling, controlled by, or under common control with the Adviser (collectively, the "Funds"), the Adviser, and Wayne Hummer Investments L.L.C. ("WHILLC").

FILING DATES: The application was filed on January 27, 1999, and amended on May 18, 1999. Applicants have agreed to file another amendment during the notice period, the substance of which is reflected in this notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief 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 July 29, 1999, 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-