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

APPLICANT: Mitchell Hutchins/Kidder, Peabody Equity Income Fund, Inc.

RELEVANT ACT SECTION: Section 8(f).

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

FILING DATE: The application was filed on October 15, 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 by writing to the SEC's Secretary and serving applicant 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 31, 1996, and should be accompanied by proof of service on the applicant, 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, c/o Dianne E. O'Donnell, Legal Department, Mitchell Hutchins Asset Management Inc., 1285 Avenue of the Americas, 18th Floor, New York, New York 10019.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0564, or Mary Kay Frech, Branch Chief, at (202) 942–0584, (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, diversified management investment company organized as a corporation under the laws of the State of Maryland. On June 21, 1985, applicant registered under section 8(a) of the Act and filed a registration statement on Form N–1A pursuant to section 8(b) of the Act and the Securities Act of 1933, covering an indefinite number of shares of common stock. The registration statement was declared effective on October 8, 1985, and the initial public offering of common stock commenced thereafter.

2. On April 26, 1995 and July 20, 1995, applicant's Board of Directors approved an Agreement and Plan of Reorganization and Liquidation (''Plan'') between applicant and PaineWebber America Fund on behalf of its series, PaineWebber Growth and Income Fund (''PW Fund''), whereby PW Fund was to acquire all the assets of applicant in exchange solely for shares of beneficial interest in PW Fund and the assumption by PW Fund of all of applicant's liabilities. In accordance with rule 17a–8 of the Act, applicant's directors determined that the reorganization was in the best interests of applicant and that the interests of applicant's existing shareholders would not be diluted as a result.[1]

3. According to applicant's proxy statement, the directors considered a number of factors in approving the Plan, including, (a) the compatibility of the investment objectives, policies, and restrictions of the funds, (b) the effect of the reorganization on expected investment performance, (c) the effect of the reorganization on the expense ration of the PW Fund relative to its current expense ratio, and (d) possible alternatives to the reorganization, including continuing to operate on a stand-alone basis or liquidation.

4. Proxy materials relating to the Plan and the transactions contemplated thereby and a combined prospectus relating to the shares of PW Fund to be issued were mailed to applicant's shareholder on or about September 8, 1995. At a special meeting held on October 6, 1995, applicant's shareholders approved the Plan.

5. On October 13, 1995 (the ''Closing Date''), applicant had 2,816,986.797 of Class A shares, 75,614.434 of Class B shares, and 153,428.676 of Class C shares of common stock outstanding, having an aggregate net asset value of $55,983,774.35 for Class A shares, $1,493,700.44 for Class B shares, and $3,044,662.68 for Class C shares, and a per share net asset value of $19.87 for Class A shares, $19.75 for Class B shares, and $19.84 for Class C shares. Pursuant to the Plan, applicant transferred to PW Fund all rights, title, and interest in and to applicant's assets. In exchange, therefor, PW Fund assumed all liabilities, debts, obligations, and duties of applicant, and issued to applicant the number of shares of PW Fund determined by dividing the net asset value of a share of applicant by the net asset value of a share of PW Fund, in each case as of the close of regular trading on the New York Stock Exchange, Inc. on the Closing Date.

6. On the Closing Date, applicant liquidated and distributed *pro rata* to its shareholders of record, determined as of the close of business on the Closing Date, the shares of PW Fund received by applicant in the reorganization, in exchange for such shareholders' shares of applicant.

7. The expenses incurred in connection with the reorganization consisted primarily of legal expenses, expenses of printing and mailing communications to shareholders, registration fees, and miscellaneous accounting and administrative expenses. These expenses totalled approximately $250,000 and were borne by applicant and PW Fund in proportion to their respective net assets.

8. As of the date of the application, applicant has no assets, debts or liabilities, and has no securityholders. Applicant is not a party to any litigation or administrative proceedings. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for winding-up of its affairs.

9. On January 30, 1996, applicant and PW Fund filed Articles of Transfer with the Maryland State Department of Assessments and Taxation. Applicant intends to file Articles of Dissolution with the State of Maryland.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–31615 Filed 12–12–96; 8:45 am]

BILLING CODE 8010–01–M

[1] Applicant and PW Fund may be deemed to be affiliated persons of each other by reason of having a common investment adviser, common directors, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a–8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

[Investment Company Act Rel. No. 22382; 812–10318]

NASL Financial Services, Inc., et al.; Notice of Application

December 9, 1996.

AGENCY: Securities and Exchange Commission (SEC).

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: NASL Financial Services, Inc. (''Adviser''), NASL Series Trust (''Trust''), and North American Funds (''Fund'' and, together with the Trust, ''Companies'').

RELEVANT ACT SECTIONS: Exemption requested under section 6(c) of the Act from the provisions of section 15(a) and

rule 18f–2 and from certain disclosure requirements set forth in item 22 of Schedule 14A under the Securities Exchange Act of 1934 (the ''Exchange Act''), items 2, 5(b)(iii), and 16(a)(iii) of Form N–1A, item 48 of Form N–SAR, item 3 of Form N–14, and sections 6–07(2) (a), (b), and (c) of Regulation S–X.

SUMMARY OF APPLICATION: Applicants seek an order to permit sub-advisers to serve as portfolio managers for series of the Trust and the Fund without obtaining shareholder approval and to grant relief from various disclosure requirements regarding advisory fees paid to the sub-advisers.

FILING DATES: The application was filed on August 29, 1996, and amended on November 27, 1996. 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 December 30, 1996, 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 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, 116 Huntington Avenue, Boston, MA 02116.

FOR FURTHER INFORMATION CONTACT: Harry Eisenstein, Senior Counsel, at (202) 942–0552, or Mercer E. Bullard, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulations).

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. The Trust, organized as a Massachusetts business trust, is an open-end management investment company registered under the Act. The Trust has 35 investment portfolios (''Trust Portfolios''), each with its own investment objectives and policies. Shares of the Trust are sold only to insurance companies and their separate accounts. The Trust currently serves as the underlying investment medium for amounts invested in annuity and variable life contracts issued by North American Security Life Insurance Company (''NASL''), First North American Life Assurance Company (''FNAL''), and The Manufacturers Life Insurance Company of America (''MLICA''). The Trust currently has three shareholders, NASL, FNAL and MLICA. NASL, FNAL, and MLICA share an ultimate common parent, The Manufacturers Life Insurance Company.

2. The Fund, organized as a Massachusetts business trust, is registered as an open-end management investment company under the Act. The Fund is comprised of thirteen separate portfolios (''Fund Portfolios'' and, together with the Trust Portfolios, ''Portfolios''), each with its own investment objectives and policies. Each Fund Portfolio has three classes of shares. Shares of each Fund Portfolio are sold to the public through certain securities dealers, banks, and other financial institutions or through the Adviser, which is the fund's distributor. Class A shares, other than those of the Money Market Portfolio, are subject to a maximum front-end sales charge of 4.75%. Class B shares, other than those of the Money Market Portfolio, are subject to a maximum 5% contingent deferred sales charge (''CDSC''), which decreases to zero if an investor holds his shares for more than six years. Class C shares, other than those of the Money Market Portfolio, are subject to a 1% CDSC, which is applied only if the investor redeems during the first year after the purchase of such shares; after the first year, the shares have no CDSC. All Fund Portfolios, other than the Money Market Portfolio, assess a fee pursuant to rule 12b–1 under the Act. Class A shares of the National Municipal Bond Portfolio are subject to a 0.15% rule 12b–1 fee, all of which may be used as a service fee, and Class B and Class C shares of that Portfolio are subject to a 1.00% rule 12b–1 fee, 0.25% of which may be used as a service fee. All other Fund Portfolios have a 0.35% Class A rule 12b–1 fee, 0.25% of which may be used as a service fee, and a 1.00% Class B and Class C rule 12b–1 fee, 0.25% of which may be used as a service fee.

3. The Adviser is a registered investment adviser under the Investment Advisers Act of 1940 and serves as investment adviser to the Portfolios. The Adviser also serves as principal underwriter of certain contracts issued by its parent, NASL. The Adviser is responsible for administering the business and affairs of the Trust and the Fund. The Companies pay the Adviser a fee for its services as a percentage of the current value of the net assets of each Portfolio.

4. The Companies at present engage sub-advisers (''Managers'') to manage each of their Portfolios. The day-to-day portfolio management of each Portfolio is provided by one Manager. In all, the Adviser employs 14 different Managers for the Companies' Portfolios. Under the Companies' proposed structure, some Portfolios may employ multiple managers.

5. The Managers are concerned only with selection of portfolio investments in accordance with a Portfolio's investment objectives and policies. They have no broader supervisory, management or administrative responsibilities with respect to a Portfolio or the respective Company. Managers' fees will be paid by the Adviser out of its fees from the Portfolios at rates negotiated with the Managers by the Adviser. One of the Managers, Manufacturers Adviser Corporation, will be an affiliate of the Adviser.

6. Applicants request an exemption from section 15(a) and rule 18f–2 to permit Managers approved by each Company's Board of Trustees to serve as portfolio managers for the Portfolios without obtaining shareholder approval of the agreements with the Managers (''Portfolio Management Agreements''), except that shareholder approval of a Portfolio Management Agreement with a Manager that is an ''affiliated person,'' as defined in Section 2(a)(3) of the Act, of any Company or the Adviser, other than by reason of serving as a Manager to one or more of the Portfolios (''Affiliated Manager'') will be obtained.

7. Applicants also request an exemption from certain disclosure requirements, set forth immediately below, that may require disclosure of fees paid to Managers.

8. Items 2, 5(b)(iii) and 16(a)(iii) of Form N–1A require the Companies to disclose in their prospectuses the investment adviser's compensation. Rule 20a–1 under the Act requires the disclosure of information in accordance with Schedule 14A under the Exchange Act. Items 22(a)(3)(iv), 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A, taken together, require that proxy statements for a shareholder meeting at which action is to be taken on the advisory contract, or that would establish new or higher advisory fees or expenses, disclose information regarding advisory fee rates and amounts. Item 48 of Form N–SAR provides that the Companies must

disclose the rate schedule for advisory fees paid to their advisers, including the Managers. Section 6–07(2) (a), (b) and (c) of Regulation S–X require that the Companies' financial statements contain information concerning fees paid to investment advisers, which could be interpreted to require disclosure of fees paid to the Managers. Item 3 of Form N–14, the prescribed registration form for business combinations involving open-end management investment companies requires a fee table that shows current fees for the registrant and the company being acquired (and pro forma fees, if different).

9. For each Portfolio, applicants purpose that the applicable Company disclose the following (both as a dollar amount and as a percentage of a Portfolio's net assets) (''Limited Fee Disclosure''): (a) fees to the Adviser by the Portfolio; (b) aggregate fees paid by the Adviser to Managers of that Portfolio; (c) net advisory fees retained by the Adviser with respect to the Portfolio after payment of Managers' fees; and (d) fees paid by the Adviser to any Affiliated Manager.

10. Applicants also make the foregoing requests for any series of the Companies organized in the future, and any subsequently registered open-end management investment companies advised in the future by the Adviser or by a person controlling, controlled by, or under common control with the Adviser that use a multi-manager structure as described in the application and that comply with the conditions to the requested order as set forth in the application.

Applicants' Legal Analysis

1. Section 15(a) of the Act makes it unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by a majority of the investment company's outstanding voting securities. Rule 18f–2 provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

2. Section 6(c) of the Act 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 state that the requested exemptions would be in accordance with the standards of section 6(c) for the reasons set forth below.

3. Applicants assert that investors in a Portfolio will rely on the Adviser for investment management. According to Applicants, these investors will expect the Adviser to select one or more Managers for a Portfolio. Thus, applicants believe that the role of the Managers, from the perspective of the investor, is comparable to that of the individual portfolio managers employed by other investment company advisory firms.

4. Each Company's prospectus and statement of additional information will include all required information concerning each Manager, except as modified by the proposed Limited Fee Disclosure. If a new Manager is retained, or a Portfolio Management Agreement is materially amended, the respective Company will furnish shareholders, within 60 days, with all the information that would have been provided in a proxy statement, provided that information regarding fees would be modified by the Proposed Limited Fee Disclosure.

5. Applicants contend that requiring shareholder approval of Portfolio Management Agreements places costs and burdens on each Company and its shareholders that do not advance their interests. Applicants additionally assert that shareholders are adequately protected by their voting rights concerning the advisory agreement between each Company and the Adviser, as well as by the responsibilities borne by the Adviser and each Company's Board of Trustees with respect to the Managers and the Portfolio Management Agreements.

6. Applicants note that the investment advisory fees paid to the Adviser will be disclosed in each Company's prospectus and statement of additional information. Applicants contend that each investor will, therefore, be able to determine whether its cost for investment advisory services, including the selection and supervision of Managers (and the reallocation of assets among multiple Managers from time to time, if and where applicable), is competitive with the services and costs which the investor could obtain elsewhere. Applicants note that some Managers use a ''posted'' rate schedule to set their fees, particularly at lower asset levels. Based upon the Adviser's extensive experience in dealing with portfolio managers and upon the Adviser's discussions with prospective Managers, applicants believe that some organizations will be unwilling to serve as Managers at any fee rate other than their ''posted'' fee rates, unless the rates negotiated for the Portfolios are not publicly disclosed. Applicants believe that forcing disclosure of Managers' fees would therefore tend to deprive the Adviser of its bargaining power while producing no benefit to shareholders, since the fees they pay would not be affected.

Applicants' Conditions

Applicants agree that the following conditions may be imposed in any order of the Commission granting the requested relief:

1. Each Company will disclose in its registration statement the Limited Fee Disclosure.

2. The Adviser will not enter into a Portfolio Management Agreement with any Affiliated Manager without that agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Portfolio.

3. At all times, a majority of each Company's Board of Trustees will continue to be persons each of whom is not an ''interested person'' of the Company as defined in section 2(a)(19) of the Act (''Independent Trustees''), and the nomination of new or additional Independent Trustees will be placed with the discretion of the then existing Independent Trustees.

4. Independent counsel knowledgeable about the Act and the duties of Independent Trustees will be engaged to represent the Independent Trustees of each Company. The selection of independent counsel will be placed within the discretion of the Independent Trustees.

5. The Adviser will provide the Board of Trustees of each Company, no less frequently than quarterly, with information about the Adviser's profitability on a per-Portfolio basis. The information will reflect the impact on profitability of the hiring or termination of any Managers during the applicable quarter.

6. Whenever a Manager is hired or terminated, the Adviser will provide the applicable Board of Trustees information showing the expected impact on the Adviser's profitability.

7. When a Manager change is proposed for a Portfolio with an Affiliated Manager, the Company's Trustees, including a majority of the Independent Trustees, will make a separate finding, reflected in the Company's Board minutes, that the change is in the best interests of the Portfolio and its shareholders (or, in the case of the Trust, the contract owners with assets allocated to any sub-account for which a Trust Portfolio serves as a funding medium) and does not involve

a conflict of interest from which the Adviser or the Affiliated Manager derives an inappropriate advantage.

8. Before a Portfolio may rely on the order requested by applicants, the operation of the Portfolio in the manner described in the application will be approved by a majority of its outstanding voting securities, as defined in the Act (or, in the case of the Trust, pursuant to voting instructions provided by contract owners with assets allocated to any sub-account of a registered separate account for which a Trust Portfolio serves as a funding medium), or, in the case of a new Portfolio whose public shareholders purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 11 below, by the sole initial shareholder(s) before offering shares of that Portfolio to the public.

9. The Adviser will provide general management services to each Company and their Portfolios, including overall supervisory responsibility for the general management and investment of each Portfolio's securities portfolio, and, subject to review and approval by each Company's Board of Trustees, will (i) set the Portfolio's overall investment strategies; (ii) select Managers; (iii) when appropriate, allocate and reallocate the Fund's assets among Managers; (iv) monitor and evaluate the performance of Mangers; and (v) ensure that the Managers comply with the Portfolio's investment objectives, policies and restrictions.

10. Within 60 days of the hiring of any new Manager or the implementation of any proposed material change in a Management Agreement, shareholders will be furnished all information about the new Manager or Management Agreement that would be included in a proxy statement, except as modified by the order to permit Limited Fee Disclosure. Such information will include Limited Fee Disclosure and any change in such disclosure caused by the addition of a new Manager or any proposed material change in a Management Agreement. The Adviser will meet this condition by providing shareholders, within 60 days of the hiring of a Manager or the implementation of any material change to the terms of a Management Agreement, with an information statement meeting the requirements of Regulation 14C and Schedule 14C under the Exchange Act. The information statement also will meet the requirements of Schedule 14A under the Exchange Act, except as modified by the order to permit Limited Fee Disclosure. The Trust will ensure that the information statement is furnished to contract owners with assets allocated to any registered separate account for which the Trust serves as a funding medium.

11. Each Company will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to the application.

12. No Trustee or officer of a Company or director or officer of the Adviser will own directly or indirectly (other than through a pooled investment vehicle over which such person does not have control) any interest in a Manager except for (i) ownership of interests in the Adviser or any entity that controls, is controlled by or is under common control with the Adviser; 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 a Manager or an entity that controls, is controlled by or is under common control with a Manager.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–31726 Filed 12–12–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 35–26618]

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

December 6, 1996.

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 December 30, 1996, 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.

Eastern Utilities Associates, et al. (70–8955)

Eastern Utilities Associates (''EUA''), P.O. Box 2333, Boston, Massachusetts 02107, a registered holding company, and its subsidiaries, Blackstone Valley Electric Company (''Blackstone''), Washington Highway, Lincoln, Rhode Island 02865, Eastern Edison Company (''Eastern''), 110 Mulberry Street, Brockton, Massachusetts 02403, Montaup Electric Company (''Montaup''), P.O. Box 2333, Boston, Massachusetts 02107, and Newport Electric Corporation (''Newport''), 12 Turner Road, Middleton, Rhode Island 02840 (collectively, ''Declarants'') have filed a declaration (''Declaration'') under sections 6(a) and 7 of the Act and rule 54 thereunder.

Declarants propose to enter into a revolving credit facility (''Facility'') from which they and certain other EUA subsidiaries will be permitted to borrow from time to time, from one or more commercial banks or other lending institutions (''Lenders'') up to $150 million in the aggregate through a period ending five years after the closing date of the agreement.[1] Borrowings may take the form of: (i) borrowings from all Lenders under the Facility on a pro rata basis (''Pro Rata Borrowings''); (ii) borrowings of at least $100,000 each and up to $20 million in the aggregate (''Swing Line Borrowings'') from a particular Lender (''Swing Line Lender''); and (iii) short-term borrowings for a period from seven days to 180 days from Lenders on a competitive bid basis (''Competitive Bid Borrowings''). All borrowings under the Facility will be unsecured and will be evidenced by promissory notes.

The following Declarants and Affiliates will have the following respective maximum borrowing limits under the Facility: Ocean State and ESC, $10 million each; and Cogenex, $75 million. EUA, Blackstone, Eastern,

[1] The other subsidiaries, EUA Cogenex Corporation (''Cogenex''), EUA Ocean State Corporation (''Ocean State''), EUA Service Corporation (''ESC''), EUA Energy Investment Corporation (''EEIC''), and EUA Energy Services, Inc. (''EUA Energy'') (collectively, ''Affiliates''), intend to finance authorized activities through the Facility. The Affiliates have not joined the Declaration as parties, however, because such financing is exempt from prior approval pursuant to rules 45 and 52.