the Offers will benefit not only tendering Preferred Stockholders (by affording certain Preferred Stockholders who may not favor the elimination of the Restriction Provisions an option to exit the Preferred Stock at a premium to the market price and without the usual transaction costs associated with a sale) but also, taking into account all related transaction costs, Southern's shareholders and Southern System utility customers by: (1) contributing to the elimination of the Restriction Provisions; and (2) resulting in the acquisition and retirement of outstanding Shares and their potential replacement with comparatively less expensive financing alternatives, such as short-term debt.

As noted, the Subsidiaries propose to submit the Proposed Amendment for consideration and action at special meetings of the stockholder and, in connection therewith, to solicit proxies from the holders of their capital stock. The Subsidiaries request that the effectiveness of the application-declaration with respect to the Proxy Solicitations on the Proposed Amendments be permitted to become effective immediately, under rule 62(d).

The applicants also request authorization to deviate from the preferred stock provisions of the *Statement of Policy Regarding Preferred Stock Subject to the Public Utility Holding Company Act of 1935*, HCAR No. 13106 (Feb. 16, 1956), to the extent applicable with respect to the Proposed Amendments.

It appears to the Commission that the application-declaration to the extent that it relates to the proposed solicitation of proxies should be permitted to become effective immediately under rule 62(d):

It is ordered, that the application-declaration, to the extent that it relates to the proposed solicitation of proxies be, and it hereby is, permitted to become effective immediately under rule 62 and subject to the terms and conditions prescribed in rule 24 under the Act.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 97–29418 Filed 11–6–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26770]

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

October 31, 1997.

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

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by November 24, 1997, 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 nonutility subsidiary company of Central and South West Corporation (''CSW''), a registered holding company, has filed a post-effective amendment, under sections 9(a) and 10 of the Act and rule 54 under the Act, to an application-declaration filed under sections 9(a) and 10 of the Act.

By order dated April 26, 1995 (HCAR 26280) (''Order''), CSWS, which operates an engineering and construction department that provides power plant control system procurement, integration and programming services as well as power plant engineering and construction services to associates within the CSW system, was authorized to provide such services to non-associates through December 31, 1997.

The order provides that the charges for services to nonassociates are negotiated and that CSWS anticipates that a substantial portion of the services will be priced on a time and materials basis. CSWS intends to price the services to result in an after-tax profit margin of 15%. Finally, the Order provides that profits or losses from the services to non-associates would be accounted for in accordance with requirements of the Uniform System of Accounts for service companies engaged in business with non-associate companies.

CSWS now requests an extension of the authorization contained in the Order through December 31, 2002.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 97–29472 Filed 11–6–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22871; File No. 812–10854]

Salomon, Inc.

November 3, 1997.

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

ACTION: Notice of application under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 15(f)(1)(A) of the Act.

SUMMARY OF APPLICATION: Applicant Salomon Inc (''Salomon'') requests an order to permit Salomon and its investment advisory subsidiaries, Salomon Brothers Asset Management (''SBAM'') and Salomon Brothers Asset Management Limited (''SBAM Limited'') that act as investment adviser on subadviser (collectively, ''Advisers'') to one or more registered investment companies, to receive payment in connection with the sale of applicant's advisory business. Without the requested exemption, an investment company advised by an Adviser would have to reconstitute its board of directors (''Board'') to meet the 75 percent non-interested director requirement of section 15(f)(1)(A).

FILING DATE: The application was filed on November 3, 1997.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be

issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving 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 November 24, 1997 and should be accompanied by proof of service on 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, 7 World Trade Center, New York, NY 10048

FOR FURTHER INFORMATION CONTACT: J. Amanda Machen, Senior Counsel, at (202) 942–7120, or Christine Y. Greenlees, Branch Chief, at (202) 942–0564 (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 at the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202–942–8090).

Applicant's Representations

1. Salomon is a global investment banking and securities and commodities trading company. Salomon Brothers Inc and its subsidiaries (''Salomon Brothers'') conduct Salomon's investment banking and securities trading activities. Salomon's asset management business is conducted primarily through SBAM and SBAM Limited, both indirect, wholly-owned subsidiaries of Salomon and investment advisers registered under the Investment Advisers Act of 1940.

2. The relief requested relates to the following registered investment companies for which SBAM or SBAM Limited acts as investment adviser, investment manager, or subadviser: 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., Municipal Partners Fund II Inc., New England Zenith Fund (''New England''), JNL Series Trust, North American Funds, WNL Series Trust, SEI International Trust, Nationwide Separate Account Trust (''Nationwide''), The Americas Income Trust, Inc., Heritage Income Trust, Latin America Investment Fund, and Irish Investment Fund, Inc. (''Irish Investment'') (collectively, the ''Companies''). [1]

3. Travelers Group Inc. (''Travelers'') is a diversified, integrated financial services company engaged in investment services, consumer finance, and life and property-casualty insurance services.

4. On September 24, 1997, Travelers and Salomon entered into a merger agreement, under which a wholly-owned subsidiary of Travelers will be merged into Salomon, with Salomon continuing as the surviving entity, becoming a wholly-owned subsidiary of Travelers, and changing its name to Salomon Smith Barney Holdings, Inc. (''Salomon Smith Barney''). Then, Smith Barney Holdings, Inc., a wholly-owned subsidiary of Travelers, will merge with Salomon Smith Barney. After the two mergers (collectively, the ''Transaction''), the combined company will hold the investment banking, proprietary trading, retail brokerage and asset management operations of both Salomon and Smith Barney Holdings, Inc. Upon consummation of the Transaction, SBAM and SBAM Limited will remain wholly-owned subsidiaries of Salomon Smith Barney and will continue to operate in the same fashion. Applicant anticipates that the Transaction will be consummated in late November 1997.

5. In connection with the Transaction, the parties to the Transaction have determined to seek to comply with the safe harbor provisions of section 15(f) of the Act. The Board and the shareholders of each Company are being asked to consider and approve new contracts with SBAM and, in certain cases, SBAM Limited in connection with the Transaction.[2]

6. Applicant states that, absent exemptive relief, following consummation of the Transaction, more than 25% of the Board of a Company would be ''interested persons'' for purposes of section 15(f)(1)(A) of the Act. The Companies have informed applicant that reconstituting each Company's Board is not in the best interests of the Companies or their shareholders.

Applicant's Legal Analysis

1. Section 15(f) of the Act is a safe harbor that permits an investment adviser to a registered investment company (or an affiliated person of the investment adviser) to realize a profit on the sale of its business if certain conditions are met. One of these conditions is set forth in section 15(f)(1)(A). This condition provides that, for a period of three years after such a sale, at least 75 percent of the board of directors of an investment company may not be ''interested persons'' with respect to either the predecessor or successor adviser of the investment company. Section 2(a)(19)(B)(v) defines an interested person of an investment adviser to include any broker or dealer registered under the Securities Exchange Act of 1934 or any affiliated person of such broker or dealer. Rule 2a19–1 provides an exemption from the definition of interested person for directors who are registered as brokers or dealers, or who are affiliated persons of registered brokers or dealers, provided certain conditions are met.[3]

2. Upon consummation of the Transaction, the Board of each Company will consist of a majority of directors who are not interested persons of any Adviser within the meaning of section 2(a)(19)(B). However, each Board also will consist of one or more directors who may be considered interested persons of one of the Advisers (''Interested Directors''), for a total of thirty-two Interested Directors in the sixteen fund complexes involved.[4]

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

[2] In certain instances, Companies have obtained or, in the case of Nationwide, have applied for exemptive relief permitting the investment adviser to the 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 orders, these Companies will not seek shareholder approval of new contracts with SBAM and SBAM Limited.

[3] The rule generally provides that the exemption is available only if: (a) The broker or dealer does not execute any portfolio transactions for, engage in principal transactions with, or distribute shares for, the fund complex, (b) the fund's board determines that the fund will not be adversely affected if the broker or dealer does not effect the portfolio or principal transactions or distribute shares of the fund, and (c) no more than a minority of the fund's directors are registered brokers or dealers or affiliated persons thereof.

[4] Applicants believe that the 75% disinterested board requirement set forth in section 15(f)(1)(A) of the Act should not apply to investment company directors who are interested persons of an investment adviser to a registered investment company within the meaning of section 2(a)(19)(B) of the Act, unless that investment adviser is involved in the relevant change of control. Accordingly, applicants assert that a director who is an interested person of an investment adviser to a Company counts against the 75% disinterested board requirement only if that director also is an

Twenty-two of the Interested Directors may be considered interested persons of one of the Advisers within the meaning of section 2(a)(19)(B)(v) by virtue of their relationship to a registered broker-dealer. The exemption provided by rule 2a19–1 will not be available with respect to these Interested Directors because the broker-dealers with which they are affiliated act as distributors for the Companies in question or engage in transactions with other members of each Company's complex.[5]

3. Three of the directors are the beneficial owners of Travelers stock and, therefore, will be interested persons within the meaning of section 2(a)(19)(B)(iii).[6] While applicant is not aware of any other director owning Travelers stock, it is possible that other Company directors may be beneficial owners of up to 1,000 shares of Travelers stock in similar situations where the amount of the advisory fees paid by the Company to SBAM or SBAM Limited in relationship to the total revenues of Travelers is such that the income derived by the director from his or her holdings of Travelers stock will not be affected by advisory fees paid by the Company.[7]

4. The remaining seven director positions will be filled by one individual who is an officer and director of SBAM and Salomon Brothers, affiliates of one of the parties to the Transaction. As such, this director will be an interested person of one of the Advisers. With the exception of this director, none of the members of the Companies' Boards will be affiliated persons (within the meaning of section 2(a)(3) of the Act) of any party to the Transaction.

5. Without the requested exemption, a Company would have to reconstitute its Board to meet the 75 percent non-interested director requirement of section 15(f)(1)(A). Under the relief requested, during the three years following consummation of the Transaction, directors who are ''interested persons'' of an Adviser solely by reason of being (i) affiliated persons of brokers or dealers who are affiliated persons of another investment adviser to a Company, or (ii) on the Board of a Company on the date the Transaction is consummated beneficially owning Travelers stock as described in the application, will not be considered ''interested persons'' of SBAM or SBAM Limited for purposes of calculating the 75 percent requirement in section 15(f)(1)(A) of the Act.

6. Section 6(c) of the Act permits the SEC to exempt any person or transaction from any provision of the Act, or any rule or regulation under the Act, if the 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.

7. Applicant believes that the requested exemption is necessary and appropriate in the public interest. Applicant states that compliance with section 15(f)(1)(A) would require a Company to reconstitute its Board. In applicant's view, this reconstitution would serve no public interest and would be contrary to the interests of the shareholders of the Companies. Applicant submits that the addition of directors to achieve the 75% disinterested director ratio required by section 15(f)(1)(A) could make the Boards unduly large and unwieldy, make decisional and operational matters cumbersome, unnecessarily increase the expenses of the Transaction, and would cause the Companies to incur additional expenses in connection with the selection and election of the additional directors. In addition, applicant submits that shrinking the Boards by eliminating previously existing Interested Director positions would deny the Companies the valued services and insights these insiders bring to their respective Boards.

8. Although directors who are affiliated persons of broker-dealers may be viewed as interested persons of the Advisers, these directors and the broker-dealers with which they are affiliated are not affiliated persons of any party to the Transaction. In addition, applicant argues that a director's affiliation with a Company's distributor should not preclude the requested exemption, despite the unavailability of the rule 2a19–1 exemption, because a Company's distributor is retained directly by the Company. As a result, retention of a distributor depends upon approval from the Company's Board and not upon the identity of or transactions involving the Company's Adviser. Further, applicant submits that each distributor's compensation is based on asset levels and/or the receipt of sales loads, and each distributor therefore has a direct economic interest in the financial success of the Company that retains it, an interest that is consistent with the interests of the Company's shareholders.

9. Applicant asserts, with respect to the directors who are shareholders of Travelers, that the immaterial number of shares owned by these directors should have no affect on fulfilling their responsibilities to their respective Companies. Applicant asserts that the income derived by each director from ownership of Travelers stock will not be affected in any noticeable degree by the advisory fees paid by the applicable Companies. Applicant maintains, therefore, that the beneficial ownership of Travelers stock should not prevent these directors from carrying out their fiduciary duties.

10. Applicant believes that the requested exemption is consistent with the protection of investors. Applicant states that the parties to the Transaction will comply with section 15(f)(1)(B) of the Act for at least two years following consummation of the Transaction. Accordingly, applicant argues that no unfair burdens will be placed on the Companies as a result of the Transaction. The Board and shareholders of each Company are being asked to consider and approve new contracts with SBAM and, in certain cases, SBAM Limited in connection with the Transaction. The adviser arrangements will continue only if the Board has determined that they continue to be in the best interests of the Company's shareholders, and then only in the event that the Company's shareholders also approve the continuation of the arrangements. Applicant also states that the Companies will continue to treat the Interested Directors as interested persons of the Companies and the Advisers for all purposes other than section 15(f)(1)(A) of the Act for so long as the directors are ''interested persons'' as defined in section 2(a)(19) of the Act and are not exempted from that definition by any applicable rules or orders of the SEC.

11. Applicant also submits that the requested exemption is consistent with the purposes fairly intended by the policies and provisions of the Act.

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interested person of one of the Advisers, either before or following consummation of the Transaction.

[5] The exemption provided by rule 2a19–1 of the Act may not be available with respect to the director of Irish Investment because the Board has not made the determinations required by the rule.

[6] Two of these directors serve on the Board of New England, and each is the beneficial owner of one thousand shares and four hundred shares, respectively, of Travelers stock, which constitutes .00016% and .00006% of Travelers 641,114,000 shares outstanding as of July 31, 1997. The third director serves on the Board of Irish Investment, and beneficially owns 8,300 shares of Travelers stock, which constitutes .00129% of Travelers shares outstanding as of July 31, 1997.

[7] In any of these instances, (i) the director would have been on the Board of the respective Company on the date the Transaction was consummated, (ii) the director would have owned the Travelers stock on the date the Transaction was consummated and would not have acquired additional Travelers stock after the date the Transaction was consummated, (iii) no more than two directors per Company would be beneficial owners of Travelers stock, and (iv) the Travelers stock owned by any of the directors will not represent a material portion of the director's assets.

Applicant asserts that the legislative history of section 15(f) indicates that Congress intended the SEC to deal flexibly with situations where the imposition of the 75 percent requirement might pose an unnecessary obstacle or burden on a fund. Applicant also states that section 15(f)(1)(A) was designed primarily to address the types of biases and conflicts of interest that might exists where the board of an investment company is influenced by a substantial number of interested directors to approve a transaction because the directors have an economic interest in the adviser. Because these circumstances do not exist in the present case, applicant believes that the SEC should be willing to exercise flexibility.

Applicant's Condition

Applicant agrees that any order of the SEC granting the requested relief with respect to a particular Company will be subject to the following condition:

If, within three years of the completion of the Transaction, it becomes necessary to replace any director of the Company, that director will be replaced by a director who is not an ''interested person'' of SBAM or SBAM Limited within the meaning of section 2(a)(19)(B) of the Act, unless at least 75% of the directors at that time, after giving effect to the order granted pursuant to the application, are not interested persons of SBAM or SBAM Limited, provided that this condition will not preclude replacements with or additions of directors who are interested persons of SBAM or SBAM Limited solely by reason of being affiliated persons of brokers or dealers who are affiliated persons of another investment adviser to a Company, provided that the brokers or dealers are not affiliated persons of SBAM or SBAM Limited.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–29471 Filed 11–6–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39291]

Order Denying Exemption From Broker-Dealer Registration to Investors Direct Empowerment Association, Inc.

November 3, 1997.

AGENCY: Securities and Exchange Commission.

ACTION: Denial of exemption.

SUMMARY: The Securities and Exchange Commission is denying an exemption from broker-dealer registration pursuant to Section 15(a) of the Securities Exchange Act of 1934 to Investors Direct Empowerment Association, Inc.

FOR FURTHER INFORMATION CONTACT: Catherine McGuire, Chief Counsel, or Lourdes Gonzalez, Special Counsel, (202) 942–0073, Office of Chief Counsel, Division of Market Regulation, Mail Stop 5–10, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION:

I. Background

Investors Direct Empowerment Association, Inc. (''IDEA''), a not-for-profit corporation, has requested an exemption, pursuant to Section 15(a)(2) of the Securities Exchange Act of 1934 (''Exchange Act''), from the broker-dealer registration requirement of Section 15(a)(1) of the Exchange Act.

Under IDEA's proposed program, IDEA would purchase one share of stock from various corporations with dividend reinvestment and stock purchase plans (''DRSPPs'') and then would join each corporation's DRSPP. An investor interested in joining a corporation's DRSPP would send funds to IDEA, made payable to an unaffiliated escrow agent, for the purchase of specified securities. IDEA would aggregate investors' funds, then forward them to the appropriate DRSPP to purchase shares of that corporation in IDEA's name as nominee. IDEA then would allocate the shares purchased among participating investors. IDEA would charge a fee per order received.

IDEA maintains that its proposed program is similar to a program operated since 1979 by another not-for-profit corporation, the National Association of Investors Corporation (formerly the National Association of Investment Clubs) (''NAIC''), for which the Commission granted an exemption pursuant to Section 15(a)(2) of the Exchange Act. In granting the NAIC's exemption in 1979, the Commission stated that ''it would be in the public interest to grant the NAIC a conditional exemption with respect to registration as a broker or dealer. The NAIC proposes to offer brokerage services to a potentially large number of customers through an unusual and novel program.'' [1]

II. Discussion

The Commission cannot find that exempting IDEA from the broker-dealer registration requirement would be consistent with the public interest and the protection of investors. Although IDEA's goal of providing small investors with a means of buying securities at fees lower than those charged by broker-dealers is laudable, IDEA's proposed program presents significant investor protection concerns. These concerns are among the primary reasons the Exchange Act normally requires broker-dealer registration. In particular, IDEA's control over investors' funds and securities would expose investors to the same types of risks as those inherent in dealing with a registered broker-dealer. IDEA's status as a not-for-profit corporation does not mitigate these concerns.

While only a limited number of DRSPPs currently permit direct investment by first time investors, this number is increasing rapidly. In response to investor concerns with respect to T+3 settlement, the Commission took several steps in December 1994 to permit investors to buy securities directly from issuers through ''open availability'' direct registration programs and to permit investors to leave these securities with transfer agents.[2] These initiatives were designed, in part, to facilitate investors' access to issuer DRSPPs. IDEA's program, therefore, is not so unusual or novel, and does not present any other compelling justifications, as to mitigate the investor protection concerns raised by IDEA's handling of investors' funds and securities.

It is therefore ordered, pursuant to Section 15(a)(2) of the Exchange Act, that IDEA's request for an exemption from broker-dealer registration pursuant to Section 15(a)(1) of the Exchange Act is denied.

By the Commission.

Jonathan G. Katz,

Secretary.

[FR Doc. 97–29419 Filed 11–6–97; 8:45 am]

BILLING CODE 8010–01–M

[1] *See Letter re the National Association of Investment Clubs* (June 1, 1979).

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–22870]

Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

October 31, 1997.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company

[2] Securities Exchange Act Release No. 35058 (December 1, 1994); Securities Exchange Act Release No. 35040 (December 1, 1994); *Letter re: The Securities Transfer Association* (December 1, 1994); *Letter re: First Chicago Trust Company of New York* (December 1, 1994).