

6. Applicants state that, given the frequency of the failure of shareholders to return proxies, and the large number of beneficial owners of shares of the Funds, 150 days is necessary to obtain shareholder approval of the New Agreements. Applicants state that during the Interim Period, each Fund would operate under the New Agreements, which are substantially identical to the Existing Agreements, except for the effective dates, termination dates and the updated names of the Funds. Applicants also state that no changes are anticipated in the personnel providing investment management services to the Funds during the Interim Period. Applicants therefore submit that each Fund should receive, during the Interim Period, the same investment advisory services, provided in the same manner, at the same fee levels, and by substantially the same personnel as before the Transaction.

Applicants' Conditions

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

1. The New Agreements will have the same terms and conditions as the Existing Agreements, except for the effective dates, termination dates, and the updated names of the Funds.

2. Fees earned by the Adviser in respect of the New Agreements during the Interim Period will be maintained in an interest-bearing escrow account, and amounts in the account, (including interest earned on such paid fees), will be paid (a) to the Adviser, after the requisite approval of shareholders are obtained, or (b) to the respective Fund, in the absence of such approvals.

3. The Funds will hold meetings of shareholders to vote on approval of the New Agreements on or before the 150th day following the termination of the Existing Agreements (but in no event later than October 31, 1998).

4. The Advisor and/or Parent will bear the costs of preparing and filing the application and the costs relating to the solicitation of shareholder approval of the New Agreements.

5. The Adviser will take all appropriate steps to ensure that the scope and quality of advisory and other services provided to the Funds during the Interim Period will be at least equivalent, in the judgment of the Boards, including a majority of the Independent Trustees, to the scope and quality of services previously provided under the Existing Agreements. If personnel providing material services during the Interim Period change materially, the Adviser will apprise and

consult with the Board of the affected Funds to assure that they, including a majority of the Independent Trustees, are satisfied that the services provided will not be diminished in scope or quality.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act, Release No. 23124; 812-11022]

Nations Fund Trust, et al.; Notice of Application

April 22, 1998.

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

ACTION: Notice of an application under section 17(b) of the Investment Company Act of 1940 ("Act") for an exemption from section 17(a) of the Act.

SUMMARY OF THE APPLICATION:

Applicants request an order to permit certain series of Nations Fund Trust ("NFT"), Nations Fund, Inc. ("NFI"), and Nations Institutional Reserves ("NIR") to acquire all of the assets and liabilities of all of the series of Emerald Funds ("Emerald").

APPLICANTS: NFT, NFI, NIR, NationsBanc Advisors, Inc. ("NBAI"), Emerald, and Barnett Capital Advisors, Inc. ("Barnett").

FILING DATES: The application was filed on February 23, 1998. Applicants have agreed to file an amendment, the substance of which is included in this notice, during the notice period.

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 May 13, 1998 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 may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: NFT, NFI, NIR, and NBAI,

One NationsBank Plaza, Charlotte, NC 28255; Emerald, 3435 Stelzer Road, Columbus, OH 43219; and Barnett, 9000 Southside Boulevard, Building 100, Jacksonville, FL 32256.

FOR FURTHER INFORMATION CONTACT:

Rachel H. Graham, Senior Counsel, (202) 942-0583, or Christine Y. Greenlees, Branch Chief, (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 from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (telephone (202) 942-8090).

Applicants' Representations

1. Emerald, a Massachusetts business trust, is an open-end management investment company registered under the Act. Emerald currently offers shares in fourteen series (the "Acquired Funds").

2. NFT and NIR, each a Massachusetts business trust, and NFI, a Maryland corporation, are open-end management investment companies registered under the Act. Each company offers shares in certain series, some of which constitute the "Acquiring Funds" (together with the Acquired Funds, the "Funds"). NFT offers shares in thirty-nine series, seven of which are Acquiring Funds. NFI offers shares in eight series, four of which are Acquiring Funds. NIR offers shares in four series, one of which is an Acquiring Fund. Each of NFI and NIR is organizing a new shell series, which also will be Acquiring Funds.¹

3. Barnett is registered under the Investment Advisers Act of 1940 ("Advisers Act") and is the investment adviser to the Acquired Funds. Barnett is a wholly-owned subsidiary of Barnett Bank, N.A., which, in turn, is a wholly-owned subsidiary of Barnett Banks, Inc. As of the date of the application, Barnett and its affiliates, all of which are part of a common control group (the "Barnett Group"), held of record, in their name and in the names of their nominees, more than 25% of the outstanding voting shares of certain classes of shares of the Acquired Funds. All of these securities are held for the benefit of others in a trust, agency, custodial, or other fiduciary or representative capacity, except that Barnett Bank, N.A.

¹ Registration statements for the two shell Acquiring Funds were declared effective on April 6, 1998, and April 7, 1998. These funds are expected to commence operations upon the consummation of the Reorganizations (as defined below).

may, from time to time, own more than 5% but less than 10% of a certain class of shares of certain Acquired Funds for its own account.

4. NBAI is registered under the Advisers Act and is the investment adviser for the Acquiring Funds. NBAI is a wholly-owned subsidiary of NationsBank, N.A., which, in turn, is a wholly-owned subsidiary of NationsBank Corporation ("NationsBank").

5. On January 9, 1998, Barnett Banks, Inc. merged into NB Holdings Corporation, a subsidiary of NationsBank (the "Holding Company Merger"). As a result of the Holding Company Merger, Barnett became an indirect wholly-owned subsidiary of NationsBank.

6. On January 16, 1998, and February 12, 1998, respectively, the boards of directors and trustees of NFT, NFI, and NIR (the "Nations Funds' Boards") and the board of trustees of Emerald (the "Emerald Board"), including their disinterested directors and trustees, unanimously approved Agreements and Plans of Reorganization between Emerald and each of NFT, NFI, and NIR (each a "Reorganization Plan" and collectively, the "Reorganization Plans"). Pursuant to the Reorganization Plans, each Acquiring Fund will acquire all of the assets and liabilities² of the corresponding Acquired Fund in exchange for shares of designated classes of the Acquiring Fund (the "Reorganizations").³ The number of Acquiring Fund shares to be issued to shareholders of the Acquired Fund will be determined by dividing the aggregate net assets of each Acquired Fund class by the net asset value per share of the corresponding Acquiring Fund class,

each computed as of the close of business on the closing date ("Closing Date"). The Reorganization Plans provide that these Acquiring Fund shares will be distributed *pro rata* to the shareholders of record in the applicable Acquired Fund class, determined as of the close of business on the Closing Date. This distribution will be accomplished by issuing the Acquiring Fund shares to open accounts on the share records of the Acquiring Funds in the names of the Acquired Fund shareholders. Simultaneously, all issued and outstanding shares of the Acquired Funds will be cancelled on the books of the Acquired Funds. Each Acquired Fund, and Emerald, thereafter will be dissolved.

7. The Acquiring Funds fall into three categories. First, there are three Acquiring Funds that offer shares in six classes (Primary A, Primary B, Investor A, Investor B, Investor C, and Daily) ("Category 1 Acquiring Funds"). Second, there are nine Acquiring Funds that offer shares in four classes (Primary A, Investor A, Investor B [formerly Investor N], and Investor C) ("Category 2 Acquiring Funds"). Seven of the Category 2 Acquiring Funds also offer Primary B class shares. Third, there are two Acquiring Funds that offer shares in four classes (Adviser, Capital, Liquidity, and Market) ("Category 3 Acquiring Funds"). Shares in the following classes will be issued in the Reorganizations: Primary A, Investor A, and Daily shares in the Category 1 Acquiring Funds; Primary A and Investor A shares in the Category 2 Acquiring Funds; and Capital shares in the Category 3 Acquiring Funds. No distribution fees are paid by the Primary A shares in either the Category 1 or Category 2 Acquiring Funds or by the Capital shares in the Category 3 Acquiring Funds. Investor A shares in both the Category 1 and Category 2 Acquiring Funds are subject to distribution and shareholder servicing fees under a rule 12b-1 plan. Daily shares in the Category 1 Acquiring Funds also are subject to distribution and servicing fees. None of the Acquiring Funds is subject to a front-end or contingent deferred sales load.

8. The Acquired Funds also fall into three categories. First, there are three Acquired Funds that offer Institutional, Retail, and Service class shares ("Category 1 Acquired Funds"). Second, there are nine Acquired Funds that offer Institutional and Retail class shares ("Category 2 Acquired Funds"). Third, there are two Acquired Funds that offer shares in a single, unnamed class ("Category 3 Acquired Funds"). None of the Acquired Funds is subject to a front-

end or contingent deferred sales load. Retail shares in the Category 1 and Category 2 Acquired Funds are subject to distribution and servicing fees. No. rule 12b-1 fees are paid by the Institutional shares in the Category 1 and Category 2 Acquired Funds. Service shares in the Category 1 Acquiring Funds also do not pay rule 12b-1 fees, but they are subject to fees under a shareholder and processing services plan. Neither of the Category 3 Acquired Funds is subject to any rule 12b-1 or shareholder servicing fees.

9. As a result of the Reorganizations, holders of the Institutional, Retail, and Service shares of the Category 1 Acquired Funds will become holders, respectively, of Primary A, Daily and Investor A shares of the Category 1 Acquiring Funds. Holders of the Institutional and Retail shares of the Category 2 Acquired Funds will become holders, respectively, of Primary A and Investor A shares of the Category 2 Acquiring Funds. Holders of shares of the Category 3 Acquired Funds will become holders of Capital shares of the Category 3 Acquiring Funds. The rights and obligations of each class of shares of the Acquired Funds are similar to those of the corresponding class of shares of the Acquiring Funds. No sales load will be imposed with respect to the shares of the Acquiring Funds to be issued in the Reorganizations, but those shares will be subject to the asset-based distribution and shareholder servicing fees of the particular Acquiring Fund.

10. The investment advisory fees for the Acquiring Funds and the Acquired Funds are paid monthly. At the present time, NBAI and Barnett are waiving a portion of their advisory fees. NBAI does not presently intend to reduce or eliminate any waivers following the Reorganizations.

11. The investment objectives, policies, and restrictions of each Acquired Fund and its corresponding Acquiring Fund are substantially similar.

12. The Nations Funds' Boards and the Emerald Board (collectively, the "Boards"), including a majority of their disinterested directors and trustees, found that participation in the Reorganizations is in the best interest of each Fund and that the interests of existing shareholders in the Funds will not be diluted as a result of the Reorganizations.

13. In approving the Reorganizations, the Boards considered, among other things: (a) The terms and conditions of the Reorganizations; (b) the capabilities, practices, and resources of NBAI and other service providers to the Acquiring Funds; (c) the expected cost savings for

² Prior to implementation of the Reorganization Plans, the Acquired Funds intend to discharge substantially all of their liabilities. Each Acquiring Fund will assume all remaining liabilities of its corresponding Acquired Fund.

³ The Acquired Funds and the corresponding Acquiring Funds are: (i) Emerald Balanced Fund and Nations Balanced Assets Fund; (ii) Emerald Equity Fund and Nations Disciplined Equity Fund; (iii) Emerald Equity Value Fund and Nations Value Fund; (iv) Emerald Florida Tax-Exempt Fund and Nations Florida Municipal Bond Fund; (v) Emerald International Equity Fund and Nations International Value Fund (shell); (vi) Emerald Managed Bond Fund and Nations Strategic Fixed Income Fund; (vii) Emerald Prime Fund and Nations Prime Fund; (viii) Emerald Prime Advantage Institutional Fund and Nations Money Market Reserves (shell); (ix) Emerald Short-Term Fixed Income Fund and Nations Short-Term Income Fund; (x) Emerald Small Capitalization Fund and Nations Small Company Growth Fund; (xi) Emerald Tax-Exempt Fund and Nations Tax-Exempt Fund; (xii) Emerald Treasury Fund and Nations Treasury Fund; (xiii) Emerald Treasury Advantage Institutional Fund and Nations Treasury Reserves; and (xiv) Emerald U.S. Government Securities Fund and Nations government Securities Fund.

certain of the Acquired Funds; (d) the relative performance of the Funds and the compatibility of their investment objectives, policies, and limitations; (e) the tax-free status of the Reorganizations; (f) the number of investment portfolio options that would be available to shareholders after the Reorganizations; (g) the shareholder services of the Acquiring Funds; and (h) the investment advisory and other fees paid by the Acquiring Funds, and the historical and projected expense ratios of the Acquiring Funds as compared with those of the Acquired Funds. In addition, the Emerald Board considered that the Acquired Fund shareholders would benefit from the distribution and shareholder servicing plans of the Acquiring Funds, as well as their fee structure and shareholder services. The Emerald Board also considered that seven of the twenty-nine classes of Acquired Funds will be reorganized into Acquiring Fund classes with greater operating expense ratios. It noted, however, that those seven classes are comprised of institutional investors, many of which have fiduciary or other arrangements through which they receive other related services and pay other fees outside of the fund. Further, the Emerald Board considered that, as a result of the Reorganizations, Acquired Fund shareholders should benefit from improved economies of scale and will have access to a larger and more diverse family of mutual funds.

14. NBAI will assume all expenses incurred by the Funds in connection with the Reorganizations.

15. The Reorganization Plans may be terminated by mutual written consent of the Emerald Board and the applicable Nations Board at any time prior to the Closing Date. In addition, either party may terminate the Reorganization Plan if: (a) The closing has not occurred prior to December 31, 1998; (b) the other party materially fails to perform its obligations; (c) the other party materially breaches its representations, warranties, or covenants; or (d) a condition precedent to the party's obligations cannot be met.

16. Registration statements on Form N-14 ("N-14 Registration Statements") were filed with the SEC on February 23, 1998 and became effective on March 25, 1998. Applicants mailed a prospectus/proxy statement to shareholders of the Acquired Funds on March 30, 31, and April 1, 1998. A special meeting of the Acquired Fund shareholders will be held on or about May 4, 1998.

17. The consummation of the Reorganizations is subject to the following conditions, as set forth in the Reorganization Plans: (a) The N-14

Registration Statements will have become effective; (b) the Acquired Fund shareholders will have approved the Reorganization Plans; (c) applicants will have received exemptive relief from the SEC with respect to the issues in the application; (d) the Acquired Funds will have received an opinion of counsel concerning the federal income tax aspects of the Reorganizations; and (e) each Acquired Fund will have declared a dividend or dividends to distribute substantially all of its investment company taxable income and net capital gain, if any, to its shareholders. Applicants agree not to make any material changes to the Reorganization Plans that affect the application without prior SEC approval.

Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of that person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person that directly or indirectly owns, controls, or holds with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the other person; (c) any person directly or indirectly controlling, controlled by, or under common control with the other person; and (d) if the other person is an investment company, any investment adviser of that company.

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors/trustees, and/or common officers, provided that certain conditions set forth in the rule are satisfied.

3. Applicants believe that they may not rely on rule 17a-8 because the Funds may be affiliated for reasons other than those set forth in the rule. First, the Barnett Group holds of record more than 25% of the outstanding voting securities of certain classes of each Acquired Fund. Because of this ownership, each Acquired Fund may be deemed an affiliated person of Barnett under section 2(a)(3)(B). Second, as a result of the Holding Company Merger, NBAI and Barnett are under the common ownership and control of NationsBank. Because of this

ownership, each Acquiring Fund may be deemed an "affiliated person" of each Acquired Fund. Accordingly, the Reorganizations may not meet the "solely by reason of" requirement of rule 17a-8. Applicants thus are requesting an order pursuant to section 17(b) of the Act exempting them from section 17(a) to the extent necessary to consummate the Reorganizations.

4. Section 17(b) of the Act provides that the SEC may exempt a transaction from the provisions of section 17(a) if the evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

5. Applicants submit that the terms of the Reorganizations satisfy the standards set forth in section 17(b). Applicants note that the Boards, including a majority of the disinterested directors and trustees, found that participation in the Reorganizations is in the best interests of the Funds and that the interests of the existing shareholders of the Funds will not be diluted as a result of the Reorganizations. Applicants also note that the exchange of the Acquired Funds' shares for shares in the Acquiring Funds will be based on the Funds' relative net asset values.

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

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

ACTION: Notice of Reporting Requirements Submitted for Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATES: Comments should be submitted on or before May 29, 1998. If you intend to comment but cannot prepare comments promptly, please advise the