ACTION: Notice of application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 12(d)(1) of the Act.

SUMMARY OF APPLICATION: Morgan Stanley & Co. Incorporated (''Morgan Stanley'') requests an order to amend a prior order that, among other things, permits registered investment companies to own a greater percentage of the total outstanding voting stock of the AJL PEPS Trusts for which Morgan Stanley serves, or will serve, as a principal underwriter (collectively, the ''Trusts'') than that permitted by section 12(d)(1) of the Act (''Prior Order'').[1] The requested order would permit companies that are excepted from the defintion of investment company under section 3(c)(1) or 3(c)(7) of the Act to own a greater percentage of the total outstanding voting stock of a Trust than that permitted by section 12(d)(1)(A) of the Act.

FILING DATES: The application was filed on May 5, 1998. Applicant has agreed to file an amendment, the substance of which is incorporated 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 August 3, 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 of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 1585 Broadway, New York, New York 10036.

FOR FURTHER INFORMATION CONTACT: Brian T. Hourihan, Senior Counsel, at (202) 942–0526, or Mary Kay Frech, 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 from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942–8090).

Applicant's Representations

1. The Trusts are limited-life, grantor trusts registered under the Act as nondiversified, closed-end management investment companies. Morgan Stanley serves, or will serve, as the principal underwriter for each Trust.

2. On October 16, 1996, the Commission issued the Prior Order. The Prior Order, among other things, permits registered investment companies to own a greater percentage of the total outstanding voting stock of the Trusts than that permitted by section 12(d)(1) of the Act.

Applicant's Legal Analysis

1. Section 12(d)(1)(A)(i) of the Act prohibits any registered investment company from owning more than 3 percent of the total outstanding voting stock of any other investment company, and any investment company from owning in the aggregate more than 3 percent of the total outstanding voting stock of any registered investment company. A company that is excepted from the definition of investment company under section 3(c)(1) or 3(c)(7) of the Act is deemed to be an investment company for purposes of section 12(d)(1)(A)(i) of the Act under sections 3(c)(1) and 3(c)(7)(D) of the Act.

2. Section 12(d)(1)(J) of the Act provides that the Commission may exempt persons or transactions from any provision of section 12(d)(1), if, and to the extend that, the exemption is consistent with the public interest and the protection of investors. Applicant requests that the Prior Order be amended to permit companies excepted from the definition of investment company under section 3(c)(1) and 3(c)(7) of the Act to rely on the exemption from section 12(d)(1)(A) of the Act provided by the Prior Order.

3. Applicant asserts that investment in the Trusts by companies relying on section 3(c)(1) or 3(c)(7) of the Act will not raise concerns under section 12(d)(1) of the Act for the same reasons as those given in the application for the Prior Order with respect to registered fund's investment in the Trusts. Applicant agrees that any company relying on section 3(c)(1) or 3(c)(7) of the Act that invests in the Trusts may not rely on this order unless it complies with the terms and conditions of the Prior Order. For these reasons, applicant believes that the requested relief meets the standards of section 12(d)(1)(J).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–19051 Filed 7–16–98; 8:45 am]

BILLING CODE 8010–01–M

[1] *Morgan Stanley & Co. Incorporated,* Investment Company Act Release Nos. 2235 (Sept. 20, 1996) (notice) and 22284 (Oct. 16, 1996) (order).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26895; 70–9189]

Entergy Corporation; Order Authorizing the Issuance and Sale of Common Stock in Connection With the Adoption of the 1998 Equity Ownership Plan

July 10, 1998.

Entergy Corporation (''Entergy''), a registered holding company, located in New Orleans, Louisiana, has filed with this Commission an application-declaration under sections 6(a), 7 and 12(e) of the Public Utility Holding Company Act of 1935, as amended (''Act''), and rules 54, 62 and 65 under the Act. The Commission issued a notice of the filing on March 27, 1998 (HCAR No. 26852).

The Entergy Board of Directors (''Board'') has adopted the 1998 Equity Ownership Plan of Entergy Corporation and Subsidiaries (''Equity Plan''), subject to shareholder approval. The Equity Plan will be an amendment and restatement of Entergy's current Equity Ownership Plan which was approved by its stockholders in 1991. Awards granted under the Equity Plan are intended to qualify as performance based compensation under section 162(m) of the Internal Revenue Code of 1986, as amended.

Entergy proposes, through December 31, 2008, to grant Options, Restricted Shares, Performance Shares and Equity Awards, all as defined in the Equity Plan, and to issue or sell up to 12 million shares of its common stock, $0.01 par value (''Common''), under the Equity Plan. The purpose of the Equity Plan is to give certain designated officers and executive personnel (''Key Employees'') and outside directors an opportunity to acquire shares of Common to tie more closely their interests with those of Entergy's shareholders and to reward effective corporate leadership.

The Common will be available for awards under the Equity Plan, subject to adjustment for stock dividends, stock splits, recapitalizations, mergers, consolidations or other reorganizations. Shares of Common awarded under the Equity Plan may be either authorized but unissued shares or shares acquired

in the open market. Shares of Common covered by awards which are not earned, or which are forfeited for any reason, and Options which expire unexercised, will again be available for subsequent awards under the Equity Plan. To the extent that shares of Common previously held in a participant's name are surrendered upon the exercise of an Option or shares relating to an award are used to pay withholding taxes, the shares will become available for subsequent awards under the Equity Plan.

The Equity Plan will be administered by the Board's Personnel Committee, or any other committee designated by the Board (''Committee''), to the extent required to comply with rule 16b–3 under the Securities Exchange Act of 1934, as amended. The Committee will have the exclusive authority to interpret the Equity Plan. The Committee also will have the authority to select, from among Key Employees and outside directors of Entergy and its subsidiaries, those individuals to whom awards will be granted, to grant any combination of awards to any participants and to determine the specific terms and conditions of each award.

Entergy was authorized to solicit proxies from its stockholders for use at the 1998 annual shareholders meeting (''Meeting'') with respect to the approval of the Equity Plan, effective, as provided in rule 62(d) of the Act, on March 27, 1998 (HCAR No. 26852). The Equity Plan was approved by Entergy's shareholders at the Meeting, held on May 15, 1998.

Entergy represents that, except for rule 53(a)(1), the requirements of rule 53 are satisfied regarding Entergy's investments in exempt wholesale generators (''EWGs'') and foreign utility companies (''FUCOs''), as defined in sections 32 and 33 of the Act. Entergy states that its aggregate investment in EWGs and FUCOs was equal to approximately 54% of its consolidated retained earnings, as defined in rule 53(a)(1), for the four quarters ended March 31, 1998 and, therefore, exceeds the 50% limitation contained in the rule. Entergy states that this is due to a decline in consolidated retained earnings, resulting primarily from a one-time windfall profits tax of $234 million imposed in 1997 by the government of Great Britain on London Electricity, a FUCO partially owned by Entergy.

Entergy states that, as of September 30, 1992, before Entergy commenced its investments in EWGs or FUCOs, Entergy's consolidated equity (including mandatorily redeemable preferred securities) to total capital ratio was 45.4%. Entergy states that, as of March 31, 1998, Entergy's consolidated capitalization consisted of 42.9% equity. On a *pro forma* basis, taking into consideration the transactions contemplated in this filing, this ratio would be 42.2%. In addition, Entergy further states that, with one exception, the credit ratings of debt issued by its subsidiaries remain at investment grade.[1] Entergy further notes that earnings from its investments in FUCOs and EWGs would have been positive in 1997 but for the one time windfall profits tax described above.

The Commission has considered the effect of the capitalization and earnings of Entergy's EWGs and FUCOs on the Entergy system, together with the impact of the proposed transactions. The facts and representations described above are sufficient, for purposes of granting the authority requested in this filing, to support a finding that the proposed transactions satisfy the standards of section 6(a) and 7

Fees and expenses in the estimated amount of $175,000 are expected to be incurred in connection with these transactions. It is stated that no state or federal commission, other than this Commission, has jurisdiction over the proposed transactions.

Due notice of the filing of the declaration has been given in the manner prescribed in rule 23 under the Act, and no hearing has been requested of or ordered by the Commission. On the basis of the facts in the record, it is found that the applicable standards of the Act and rules are satisfied and that no adverse findings are necessary.

It is ordered, under the applicable provisions of the Act and rules under the Act, that the amended declaration be permitted to become effective immediately, subject to the terms and conditions prescribed in rule 24 under the Act.

[1] Entergy notes that the credit rating assigned to debt issued by one of its utility subsidiaries, Entergy Gulf States Utilities, Inc. (''GSU''), other than its senior secured debt, is below investment grade. In March of 1995, Standard & Poors (''S&P'') lowered the ratings of GSU as follows: senior secured debt to triple 'B' minus from triple 'B'; senior unsecured debt and preferred stock to double 'B' from triple 'B' minus; and, preference stock to double 'B' from double 'B' plus. Thereafter, Moody's Investors Service (''Moody's'') downgraded GSU's First Mortgage Bonds to Baa3 from Baa2; debentures and senior unsecured pollution control bonds to Ba1 from Baa3; and preferred stock to Ba1 from Baa3. Both S&P and Moody's cited the River Bend Nuclear facility and the decision of the Texas Public Utilities Commission to reduce rates by $52.9 million along with the then pending legal uncertainties surrounding the Cajun bankruptcy, potential Riverbend writedowns, merger costs, and, regulatory proceeding costs.''

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–19050 Filed 7–16–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–23313; 812–10664]

WRL Series Fund, Inc. and WRL Investment Management, Inc. Notice of Application

July 10, 1998.

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

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 15(a) of the Act and rule 18f–2 under the Act.

SUMMARY OF APPLICATION: The order would permit applicants to enter into and materially amend subadvisory agreements without obtaining shareholder approval.

shareholdersapproval

APPLICANTS: WRL Series Fund, Inc. (the ''Fund'') and WRL Investment Management, Inc. (the ''Adviser'').

FILING DATES: The application was filed on May 13, 1997, and amended on April 2, 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 be 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 August 4, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549; Applicants, 201 Highland Avenue, Largo, Florida 33770–2597.

FOR FURTHER INFORMATION CONTACT: Brian T. Hourihan, Senior Counsel, at (202) 942–0526, or Christine Y. Greenless, Branch Chief, at (202) 942–