

Acquiring Fund will liquidate and distribute *pro rata* to its respective unitholders the shares of the Acquiring Fund it received pursuant to the reorganization. Unitholders of the Acquired Funds will not incur any sales load in connection with their acquisition of Acquiring Fund shares.

5. In connection with the proposed reorganization, the board of trustees of Roulston Funds, including a majority of its disinterested trustees, approved an agreement and plan of reorganization (the "Plan") on October 20, 1994. The board of trustees of the Advisors' fund, including a majority of its disinterested trustees, approved the Plan on November 14, 1994. In assessing the Plan, each board considered the following factors: (a) The compatibility of the objectives, policies and restrictions of the respective Acquiring Funds and Acquired Funds, (b) the terms and conditions of the Plan, (c) the tax-free nature of the reorganization, and (d) the expense ratios of the Acquiring Funds and Acquired Funds, including certain fee waivers.¹ In addition, applicants represent that a principal business consideration influencing Roulston's recommendation of the reorganization, and the Roulston board's approval of the reorganization, was their belief, based in part on input from unitholders, that services to unitholders of the Acquired Funds, particularly transfer agency services, could be more effectively structured, delivered, and monitored in a different organizational setting.

6. The Acquired Funds will submit the Plan to their unitholders for approval at a meeting scheduled for March 24, 1995. Applicants will deliver to unitholders of the Acquired Funds a prospectus/proxy statement describing the Plan prior to their vote. In addition to unitholder approval, the consummation of the reorganization is conditioned upon, among other things, receipt from the SEC of the order requested herein.

7. The expenses of the reorganization are to be paid by the party directly incurring such expenses, subject to certain exceptions set forth in the Plan. Applicants estimate the expenses of the reorganization to be \$70,000, of which Roulston Funds will pay \$50,000 and Advisors' Fund will pay \$20,000.

¹ Roulston and Roulston Research have agreed to waive their respective investment advisory and 12b-1 fees and absorb certain expenses for one year following the reorganization to the extent necessary to ensure that the expense ratios of the Acquiring Funds do not exceed certain limits.

Applicants' Legal Analysis

1. Section 17(a) of the Act, in pertinent part, prohibits an affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from selling to or purchasing from such registered company, any security or other property. Section 17(b) provides that the SEC may exempt a transaction from section 17(a) if 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 the registered investment company concerned and with the general purposes of the Act.

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all the assets involving registered investment companies that may be affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors/trustees and/or common officers provided that certain conditions are satisfied. Applicants may not rely on rule 17a-8. Thomas H. Roulston may be an affiliated person of the Acquiring Funds because he may indirectly control the Acquiring Funds by owning, together with his immediate family, a controlling interest in Roulston. Mr. Roulston is also an affiliated person of two of the Acquired Funds because he beneficially owns more than 5% of the outstanding shares of these funds. Therefore, the Acquiring Funds may be deemed affiliated with the Acquired Funds for reasons other than those set forth in the rule.

3. Applicants, however, believe that the terms of the reorganization satisfy the standards of section 17(b). Each Fund's board, including the disinterested trustees, has reviewed the terms of the reorganization and have found that participation in the reorganization as contemplated by the Plan is in the best interests of the Acquiring Funds and Acquired Funds, and that the interests of the unitholders of each Fund will not be diluted as a result of the reorganization. Each board also considered the fact that the Acquiring Funds were established for the express purpose of acquiring the assets of the Acquiring Funds, and, therefore, the objectives of each Acquiring Fund are identical or substantially similar to that of its corresponding Acquired Fund.

Applicants further submit that the terms of the reorganization, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned.

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

Margaret H. McFarland,

Deputy Secretary.

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DEPARTMENT OF THE TREASURY

Office of the Secretary

List of Countries Requiring Cooperation With an International Boycott

In order to comply with the mandate of section 999(a)(3) of the Internal Revenue Code of 1986, the Department of the Treasury is publishing a current list of countries which may require participation in, or cooperation with, an international boycott (within the meaning of section 999(b)(3) of the Internal Revenue Code of 1986).

On the basis of the best information currently available to the Department of the Treasury, the following countries may require participation in, or cooperation with, an international boycott (within the meaning of section 999(b)(3) of the Internal Revenue Code of 1986):

Bahrain
Iraq
Jordan
Kuwait
Lebanon
Libya
Oman
Qatar
Saudi Arabia
Syria
United Arab Emirates
Yemen, Republic of

Dated: March 13, 1995.

Joseph Guttentag,

International Tax Counsel.

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Internal Revenue Service

Renewable Electricity Production Credit, Publication of Inflation Adjustment Factor and Reference Prices for Calendar Year 1995

AGENCY: Internal Revenue Service (IRS), Treasury.