

maintained by Northern Life at its administrative offices and will be available to the SEC.

7. Northern Life states that the Separate Account will invest only in those management investment companies that undertake, in the event such company should adopt a plan under rule 12b-1 under the Act to finance distribution expenses, to have a board of directors (or trustees), a majority of whom are not "interested persons" of such investment company, formulate and approve any such plan pursuant to rule 12b-1.

Conclusion

For the reasons set forth above, applicants believe that the requested 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.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-12598 Filed 5-22-95; 8:45 am]

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[Rel. No. IC-21079; 812-9496]

Quest for Value Distributors, et al.; Notice of Application

May 17, 1995.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the "Act").

APPLICANTS: Quest for Value's Unit Investment Laddered Trust Series ("Quilts") and Quest for Value Distributors ("Quest Distributors" or the "Sponsor").

RELEVANT ACT SECTIONS: Order requested under sections 11(a) and 11(c).

SUMMARY OF APPLICATION: Applicants request an order to permit certain offers of exchange between unit investment trusts.

FILING DATES: The application was filed on February 23, 1995, and amended on April 12, 1995 and May 5, 1995.

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

June 12, 1995, 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 5th Street NW, Washington, DC 20549. Applicants: Two World Trade Center, 225 Liberty Street, New York, New York 10080-6116.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney (202) 942-0572, or C. David Messman, 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 is available for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. Quilts is a series of unit investment trusts registered under the Act and is sponsored by Quest Distributors. Quilts consists of Quilts Monthly Income—U.S. Treasury Series 1, Quilts Asset Builder—U.S. Series 3, Quilts Income—Corporate Series 1, and Quilts Municipal Insured Series 1. Applicants also request relief for future series of Quilts and subsequently issued unit investment trusts sponsored by the Sponsor or a sponsor controlled by or under common control with the Sponsor and registered (or to be registered) under the Securities Act of 1933 and the Act (collectively with Quilts, the "Trusts").

2. The sales charge for initial investment in the Trusts currently ranges between .85% to 4.5% of the public offering price, subject to discounts for certain volume transactions. Quest Distributors intends to maintain a secondary market for the units of each series, although it is not obligated to do so. The sales charge upon units sold in the secondary market ranges from .85% to 4.5% plus net accrued interest.

3. Applicants propose to offer an exchange privilege to unitholders of the Trusts at a reduced sales charge (the "Exchange Privilege"). Unitholders would be able to exchange any of their units for units in one or more available series of the Trusts (the "Exchange Trust"). Applicants also propose to offer a rollover privilege to unitholders of the Trusts at a reduced sales charge (the "Rollover Privilege"). Unitholders

would be able to "roll over" their units in a series which is terminating for units of one or more new series of the Trusts (the "Rollover Trust").

4. To exercise the Exchange or Rollover Privilege, a unitholder must notify the Sponsor. Exercise of the Exchange or Rollover Privilege is subject to the following conditions: (a) The Sponsor must be maintaining a secondary market in units of the Trust held by the unitholder and units of the Trust to be acquired in the exchange, (b) at the time of the exchange, there must be units of the Exchange or Rollover Trust to be acquired available for sale, and (c) exchanges will be in whole units only.

5. Unitholders who wish to exchange units under the Exchange or Rollover Privileges within the first five months of purchase will not be eligible for the reduced sales charge. Such unitholders will be charged a sales load equal to the greater of (a) the reduced sales load or (b) an amount which, when added to the sales charge paid by the unitholder upon his or her original purchase of units of the Trusts, would equal the sales charge applicable to the direct purchase of the newly acquired units, determined as of the date of exchange.

Applicants' Legal Analysis

1. Section 11(a) requires SEC approval of an offer to exchange securities between open-end investment companies if the exchange occurs on any basis other than the relative net asset values of the securities to be exchanged. Section 11(c) makes section 11(a) applicable to any type of exchange offer of securities of registered unit investment trusts for the securities of any other investment company, irrespective of the basis of exchange.

2. Applicants represent that unitholders will not be induced or encouraged to participate in the exchange privilege through an active advertising or sales campaign. Quest Distributors recognizes its responsibility to its customers against generating excessive commissions through churning and asserts that the sales charge collected will not be a significant economic incentive to salesmen to promote inappropriately the exchange privilege. Applicants further believe that the Exchange and Rollover Privileges are 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.

Applicant's Conditions

If the requested order is granted, applicants agree to the following conditions:

1. The prospectus for each series and any sales literature or advertising that mentions the existence of the Exchange Privilege or the Rollover Privilege will disclose that the Exchange and the Rollover Privilege are subject to termination and that their terms are subject to change.

2. Whenever the Exchange Privilege or the Rollover Privilege is to be terminated or its terms are to be amended materially, any holder of a security subject to that privilege will be given prominent notice of the impending termination or amendment at least 60 days prior to the date of termination or the effective date of the amendment, provided that:

a. No such notice need be given if the only material effect of an amendment is to reduce or eliminate the sales charge payable at the time of an exchange, to add one or more new series eligible for the Exchange Privilege or the Rollover Privilege, or to delete a series which has terminated; and

b. No notice need be given if, under extraordinary circumstances, either

i. There is a suspension of the redemption of units of an Exchange Trust or a Rollover Trust under section 22(e) of the Act and the rules and regulations thereunder, or

ii. An Exchange Trust or a Rollover Trust temporarily delays or ceases the sale of its units because it is unable to invest amounts effectively in accordance with applicable investment objectives, policies and restrictions.

3. An investor who purchases units under the Exchange or Rollover Privilege will pay a lower aggregate sales charge than that which would be paid for the units by a new investor.

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

Margaret H. McFarland,

Deputy Secretary.

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[Rel. No. IC-21068; File No. 812-9438]

Smith Barney/Travelers Series Fund, et al.

May 15, 1995.

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

ACTION: Notice of Application for an Order under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Smith Barney/Travelers Series Fund ("SB/T Fund"), Smith Barney Series Fund ("Series Fund"), and certain life insurance companies and their separate accounts investing now or in the future in the SB/T Fund or the Series Fund.

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act for exemptions from the provisions of Section 9(a), 13(a), 15(a) and 15(b) of the 1940 Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to the extent necessary to permit shares of the SB/T Fund, the Series Fund and all future open-end investment companies for which Smith Barney Mutual Fund Management, Inc., or any affiliate thereof, serves as investment adviser, manager, principal underwriter, or sponsor and whose shares are sold to separate accounts of insurance companies and qualified person and retirement plans the "Future Funds" (the SB/T Fund, the Series Fund and the Future Funds collectively are referred to as the "Funds") to be sold to and held by: (a) Variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies ("Participating Insurance Companies"); and (b) qualified pension and retirement plans outside of the separate account context ("Qualified Plans").

FILING DATES: The application was filed on January 18, 1995, and amended on May 5, 1995.

HEARING AND NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission 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 June 9, 1995, 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 requester's interest, the reason for the request and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Christina T. Sydor, Esquire, Smith Barney, Inc., 388 Greenwich Street, Twenty-Second Floor, New York, New York 10013.

FOR FURTHER INFORMATION CONTACT: Mark C. Amorosi, Attorney, or Wendy Finck Friedlander, Deputy Chief, at

(202) 942-0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: Following is a summary of the application. The complete application is available for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. The SB/T Fund, a Maryland corporation incorporated on February 22, 1994, is registered under the 1940 Act as an open-end, diversified management investment company. The SB/T Fund consists of eleven portfolios: The Smith Barney Income and Growth Portfolio, the Alliance Growth Portfolio, the American Capital Enterprise Portfolio, the Smith Barney International Equity Portfolio, the Smith Barney Pacific Basin Portfolio, the TBC Managed Income Portfolio, the Putnam Diversified Income Portfolio, the G.T. Global Strategic Income Portfolio, the Smith Barney High Income Portfolio, the MFS Total Return Portfolio, and the Smith Barney Money Market Portfolio. Additional portfolios may be added in the future.

2. The Series Fund, a Massachusetts business trust organized on May 13, 1991, is registered under the 1940 Act as an open-end, diversified management investment company. The Series Fund consists of ten separate portfolios (together with the portfolios of the SB/T Fund and Future Funds, the "Portfolios"): the Money Market Portfolio, the Intermediate High Grade Portfolio, the Diversified Strategic Income Portfolio, the Equity Income Portfolio, the Equity Index Portfolio, the Growth & Global Income Portfolio, the Appreciation Portfolio, the Total Return Portfolio, the Emerging Growth Portfolio, and the International Equity Portfolio. Additional portfolios may be added in the future.

3. Smith Barney Mutual Funds Management, Inc. ("SBMFM") is the investment adviser for the SB/T Fund, and is a wholly-owned subsidiary of Smith Barney Holdings, Incorporated. Smith Barney Holdings, Inc. is a wholly-owned subsidiary of Travelers Group, which is a financial services holding company engaged, through its subsidiaries, principally in four business segments: investment services, consumer finance services, life insurance services, and property and casualty insurance services.

4. SBMFM also is the investment adviser for all the Series Fund Portfolios except the Equity Index Portfolio and the Emerging Growth Fund Portfolio. PanAgora Asset Management, Inc. is the investment adviser for the Equity Index