premium payments be treated as ''sales load.''

7. Rule 6e–3(T)(c)(4) defines ''sales load'' during a period as the excess of any payments made during that period over certain specified charges and adjustments, including a deduction for state premium taxes. Under a literal reading of paragraph (c)(4) of the Rule, a deduction for an insurer's increased federal tax burden does not fall squarely into those itemized charges or deductions, arguably causing the proposed tax burden charge to be treated as part of ''sales load.''

8. Applicants submit that the Rule 6e–3(T)(c)(4)(v) limitation of the premium tax exclusion from the definition of ''sales load'' to state premium taxes probably is an historical accident related to that fact that when Rule 6e–3(T) was adopted in 1984, and when it was amended in 1987, the additional Code Section 848 tax burden attributable to the receipt of premiums did not exist. Applicants further submit that nothing in the administrative history of Rule 6e–3(T) suggests that the exclusion from the definition of sales load of deductions for tax liabilities attributable to the amount of premium payments received was tied to the type of government entity imposing such taxes.

9. Applicants also request exemptions for any Future Accounts that Aetna may establish to support the Current Policies or any Future Policies, as well as for each Future Broker-Dealer that may distribute the Current Policies or Future Policies.

10. Applicants assert that the standards of Section 6(c) are satisfied because the requested relief is appropriate in the public interest and consistent with the purposes of the 1940 Act and the protection of investors. The exemptive relief would eliminate the need for Aetna to file additional exemptive applications for each Current Policy or Future Policy to be issued through a Future Account with respect to the same issues under the 1940 Act that have been addressed in this application, as well as for each Future Broker-Dealer that distributes the Current Policy or Future Policy, and thus would promote competitiveness in the variable life insurance market by avoiding delay, reducing administrative expenses, and maximizing efficient use of resources. Applicants further assert that the exemptive relief would enhance Aetna's ability to effectively take advantage of business opportunities as they arise. If Aetna were required to seek exemptive relief repeatedly with respect to the same issues addressed in this application, investors would not receive any benefit or additional protection thereby and might be disadvantaged as a result of increased overhead expenses.

11. Applicants believe that a charge of 1.25% of premium payments would reimburse Aetna for the impact of Section 848 of the Code, as currently written on its federal income tax liabilities. Aetna believes, however, that it may have to increase this charge if any change in, or interpretation of, Section 848 or any successor provision results in a further increased federal income tax burden due to the receipt of premiums. Such an increase could result from a change in corporate federal income tax rate, a change in the 7.7% figure, or a change in the amortization period.

Conditions for Relief

1. Aetna will monitor the reasonableness of the 1.25% charge.

2. The registration statement for each Policy under which the 1.25% tax burden charge is deducted will: (a) disclose the charge; (b) explain the purpose of the charge; and (c) state that the charge is reasonable in relation to Aetna's increased federal tax burden under Section 848 of the Code.

3. The registration statement for each Policy providing for the 1.25% tax burden charge will contain as an exhibit an actuarial opinion as to: (a) the reasonableness of the charge in relation to Aetna's increased federal tax burden under Section 848 of the Code resulting from the receipt of premiums; (b) the reasonableness of the targeted rate of return that is used in calculating such charge; and (c) the appropriateness of the factors taken into account by Aetna in determining such targeted rate of return.

Conclusion

For the reasons and upon the facts set forth above, Applicants submit that the requested exemptions from Section 27(c)(2) of the 1940 Act and Rule 6e–3(T)(c)(4)(v) thereunder, 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 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–13544 Field 5–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21978; 812–10162]

Lord Abbett Global Fund, Inc., et al.; Notice of Application

May 23, 1996.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Lord Abbett Global Fund, Inc. (the ''Fund''), Lord, Abbett & Co. (''Lord Abbett''), and Dunedin Fund Managers Limited (''Dunedin'').

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from section 15(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit the implementation, without shareholder approval, of a new sub-advisory agreement (the ''New Sub-Advisory Contract'') for a period of up to 120 days following the termination of the former sub-advisory contract on March 19, 1996 (''Former Sub-Advisory Contract'') (the ''Interim Period''). The order also would permit the sub-adviser to receive from the Fund fees earned during the Interim Period after shareholders have approved the New Sub-Advisory Contract.

FILING DATE: The application was filed on May 21, 1996.

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 17, 1996, 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: The Fund and Lord Abbett, 767 Fifth Avenue, New York, New York 10153 and Dunedin, Dunedin House, 25 Ravelston Terrace, Edinburgh EH4 3EX, Scotland.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney, at (202) 942–0572, or Alison E. Baur, 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.

Applicants' Representations

1. The Fund is an open-end management investment company registered under the Act and consists of two series, the Equity Series and the Income Series. Lord Abbett, a registered investment adviser, serves as investment adviser to the Fund and has engaged Dunedin to serve as sub-adviser to both series pursuant to the Former Sub-Advisory Contract. Dunedin is a Scottish corporation that is registered under the Investment Adivisers Act of 1940 as an investment adviser and is a wholly-owned subsidiary of DFM Holdings Limited (''DFM Holdings'').

2. Prior to March 19, 1996, 50.5% of the outstanding capital of DFM Holdings was owned by the British Linen Bank Group, Limited, with the remaining interests held by four investment trusts (the ''Vendors''). On February 15, 1996, the Vendors entered into a sale and purchase agreement (the ''Sale Agreement'') pursuant to which Edinburgh Fund Managers Group plc (''Edinburgh'') agreed to acquire all of the outstanding capital shares of DFM Holdings, contingent upon certain events. All Dunedin clients were notified of the proposed sale on February 16, 1996. Representatives of Edinburgh and Dunedin met with representatives of Lord Abbett and the Fund on February 28, 1996 to discuss the possible continuation of the advisory relationship between Dunedin and the Fund. At that time, Edinburgh was told that Lord Abbett would make a recommendation to the Fund's board of directors (the ''Board'') to be considered at a meeting of the Board to be held on March 14, 1996.

3. On March 14, 1996, the Board approved the New Sub-Advisory Contract with respect to the Equity Series. As the same time, the Board determined that the Former Sub-Advisory Contract with respect to the Income Series was no longer desirable and determined not to approve a new contract. The Board also concluded that it was in the best interests of the Equity Series and its shareholders to continue to retain Dunedin as sub-adviser during the Interim Period in order to minimize the disruption in advisory services to the Equity Series. The Board also voted to recommend to shareholders of the Equity Series that they approve the New Sub-Advisory Contract.

4. On March 18, 1996, a preliminary proxy statement was filed with the SEC for a shareholder meeting to vote on the New Sub-Advisory Contract. It is anticipated that the shareholder meeting will be held on June 19, 1996. The terms and conditions of the New Sub-Advisory Contract are identical to those of the Former Sub-Advisory Contract, except that the dates of execution and commencement have changed, and references to the Income Series has been eliminated. The Sale Agreement was consummated on March 19, 1996, immediately after which the Former Sub-Advisory Contract terminated.

5. Among other things, the Board was advised at its March 14th meeting the fact that it is anticipated that most of Dunedin's investment personnel will continue to work for Dunedin after the acquisition and that Edinburgh, has substantial experience in the provision of advisory and management services to U.K. institutions. The Board was also advised that the advisory and other services to be provided to the Equity Series under the New Sub-Advisory Contract would be of a scope and quality equivalent to the scope and quality of services provided to the Equity Series by Dunedin pursuant to the Former Sub-Advisory Contract. At a subsequent meeting held on April 17, 1996, the Board concluded that it would be appropriate for Dunedin to receive compensation for its services during the Interim Period.

6. The Fund and Dunedin propose to enter into a separate agreement providing that amounts otherwise payable to Dunedin under the New Sub-Advisory Contract will be held by an unaffiliated escrow agent pending shareholder consideration of the New Sub-Advisory Contract. Amounts in the account will be paid to Dunedin only upon shareholder approval and in accordance with the requested order.

Applicants' Legal Analysis

1. Applicants seek an exemption pursuant to section 6(c) from section 15(a) of the Act to permit the implementation, without shareholder approval, of the New Sub-Advisory Contract during the Interim Period. Applicants also request relief so that Dunedin may receive all fees earned under the New Sub-Advisory Contract during the Interim Period if and to the extent they are approved by the shareholders of the Equity Series.

2. Section 15(a) prohibits an investment adviser from providing investment advisory services to a registered investment company except under a written contract that has been approved by a majority of the voting securities of such investment company. Section 15(a) further requires that such written contract provide for its automatic termination in the event of an assignment. Section 2(a)(4) defines ''assignment'' to include any direct or indirect transfer of a contract by the assignor. The consummation of the Sale Agreement resulted in an ''assignment,'' within the meaning of section 2(a)(4), of the Former Sub-Advisory Contract, thereby resulting in the termination of the Former Sub-Advisory Contract, according to its terms.

3. Section 6(c) provides, in relevant part, that the SEC may, conditionally or unconditionally, by order, exempt any person or class of persons from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act. Applicants submit that the requested relief meets this standard.

4. Applicants state that they will take all appropriate actions to prevent any diminution in the scope or quality of services provided to the Equity Series. Applicants state that obtaining shareholder approval prior to the consummation of the Sales Agreement was not possible because the Fund did not have sufficient advance notice of the acquisition, the terms and timing of which were wholly determined by the Vendors in response to a number of factors substantially unrelated to the Fund or Lord Abbett. In addition, applicants state that the terms of the New Sub-Advisory Contract are substantially similar to that of the Former Sub-Advisory Contract. Applicants believe that to deprive Dunedin of advisor fees under the New Sub-Advisory Contract during the Interim Period for no reason other than the fact that the acquisition (over which Dunedin had no direct control) resulted in an assignment of the Former Sub-Advisory Contract would be an unduly harsh and unreasonable penalty.

Applicants' Condition

Applicants agree as conditions to the issuance of the requested exemptive order that:

1. The New Sub-Advisory Contract will have the same terms and conditions as the Former Sub-Advisory Contract, except that the dates of execution and commencement have changed, and references to the Income Series have been eliminated.

2. Fees earned by Dunedin during the Interim Period under the New Sub-Advisory Contract will be maintained in an interest bearing escrow account, and the amounts in such account (including

interest earned on such amounts) will be paid (a) to Dunedin only upon approval of the shareholders of the Equity Series or (b) in the absence of such approval, to the Fund.

3. The fund will hold a special meeting of shareholders to vote on the approval or disapproval of the New Sub-Advisory Contract, on or before the 120th day following March 19, 1996. It is expected that the special meeting will be held June 19, 1996, but it will be held no later than July 17, 1996.

4. Dunedin or Edinburg will bear the costs of preparing and filing this application and the costs of a special meeting relating to the solicitation of the approvals of the Fund's shareholders of the New Sub-Advisory Contract necessitated by the acquisition.

5. Dunedin will take all appropriate actions to ensure that the scope and quality of advisory and other services provided to the Equity Series under the New Sub-Advisory Contract will be at least equivalent, in the judgment of the Board, including the independent directors, to the scope and quality of services previously provided. In the event of any material change in personnel providing services pursuant to the New Sub-Advisory Contract, Dunedin will apprise and consult the Board to assure that the Board, including the independent directors, are satisfied that the services provided by Dunedin will not be diminished in scope and quality.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–13546 Filed 5–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21979; 812–10074]

Stagecoach Funds, Inc., et al.; Notice of Application

May 23, 1996.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Stagecoach Funds, Inc. (''Stagecoach''), Life & Annuity Trust (collectively with Stagecoach, the ''Companies''), and Wells Fargo Bank, N.A. (''Wells Fargo Bank'').

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from section 15(f)(1)(A) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit Stagecoach to retain its present directors following a reorganization involving other registered investment companies. Without the requested exemption, Stagecoach would have to reconstitute its board of directors after the reorganization to meet the 75 percent non-interested director requirement of section 15(f)(1)(A) in order to comply with the safe harbor provisions of section 15(f).

FILING DATES: The application was filed on April 3, 1996, and amended on May 21, 1996.

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 17, 1996, 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: the Companies, 111 Center Street, Little Rock, Arkansas 72201 and Wells Fargo, 420 Montgomery Street, San Francisco, CA 94105.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney, at (202) 942–0572, or Alison E. Baur, 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.

Applicants' Representations

1. Each of the Companies is a registered open-end management investment company. Wells Fargo Bank, a wholly-owned subsidiary of Wells Fargo & Company (''Wells Fargo''), currently serves as investment adviser to each series of the Companies.

2. On April 1, 1996, Wells Fargo acquired First Interstate Bancorp (''Interstate'') and its indirect wholly-owned subsidiary of Interstate, First Interstate Capital Management, Inc. (''FICM'') (the ''Holding Company Merger''). Interstate shareholders received consideration in connection with the Holding Company Merger. The Holding Company Merger, whereby FICM became an indirect wholly-owned subsidiary of Wells Fargo, constituted a change in control of FICM.

3. FICM currently serves as investment adviser to the Pacifica Funds Trust and Pacifica Variable Trust (collectively, the ''Pacifica Trusts''). The Holding Company Merger caused an automatic termination of FICM's then current advisory agreements with the Pacifica Trusts. At meetings in February and March 1996, the boards of trustees of the Pacifica Trusts approved the interim continuation of the Pacifica Trusts' advisory relationship with FICM following the Holding Company Merger, subject to shareholder ratification and approval.[1]

4. Several new and existing series of Stagecoach propose to acquire the assets of each series of the Pacific Funds Trust (the ''Reorganization''). The Reorganization is intended to consolidate the operations of separate mutual fund families into fewer separate companies. Among other things, it is believed that the Reorganization will improve efficiency, eliminate duplicate shareholder costs and market overlap, facilitate the consolidation of mutual fund investment advisory capabilities by Wells Fargo Bank, and provide potentially enhanced investment returns.

5. At meetings held in late April and mid-May, the Pacifica Funds Trust board of trustees and the Stagecoach board of directors (collectively, the ''Boards''), determined, after reviewing and evaluating relevant information, that (a) participation in the Reorganization is in the best interest of the particular series and (b) the interests of existing shareholders will not be diluted as a result of participating in the Reorganization.

6. The Pacifica Funds Trust Board has called a special meeting of the Pacifica Funds Trust shareholders to be held in July 1996, for the purpose of considering the Reorganization. Approval of a particular series' participation in the Reorganization will require approval by a majority of the outstanding shares of such series entitled to vote at the meeting, voting separately on a series-by-series basis. If required by its declaration of trust or by state law, approval may also be required

[1] The Pacifica Trusts received an SEC exemptive order permitting them to implement interim advisory contracts with FICM without shareholder approval for up to 120 days following the consummation of the merger. Investment Company Act Release Nos. 21794 (March 1, 1996) (notice) and 21860 (March 27, 1996) (order).