of the proposed offer of exchange do not involve any of the ''switching'' (i.e., offer of exchange made solely for the purpose of assessing additional selling charges) abuses that led to the adoption of Section 11 of the 1940 Act.

4. Applicants state that the exchange will be made on the basis of relative net asset value (i.e., immediately after an exchange, the cash value of the Fund shares acquired will be identical to the participant's cash value under the Contract immediately prior to the exchange). Further, no CDSL will be applicable to Fund shares acquired as part of the exchange, and no administrative fee or sales load will be deducted at the time of the exchange. Applicants state that the exchanges will not have adverse tax consequences for offerees who accept the exchange offer because the exchanges proposed would be made as direct rollovers or direct transfers.

5. Applicants state that Funds with investment objectives comparable to those of the investment options under the Contracts will be available through the exchange offer. In addition, Funds with a much wider variety of investment objectives will be available through the exchange offer than are currently available under the Contracts. Furthermore, Applicants state that the expenses of the Funds are generally lower than the combined expenses and fees of the Accounts and the investment companies in which the Accounts invest. Accordingly, those who accept the exchange offer should incur lower expenses as Fund shareholders than as Contract participants.

6. Applicants assert that compensation by Princor to its registered representatives for successfully soliciting exchanges under the terms and circumstances, which includes no payment of additional sales loads or charges by those accepting the exchange offer, does not adversely affect the public interest or impair investor protection in any way.

7. Applicants have consented to the following conditions:

(a) No redemption or administrative fee will be imposed in connection with the proposed exchanges unless the fee would be permissible under Rules 11a–2 and 11a–3 for exchanges authorized by these Rules.

(b) At the commencement of the exchange offer, and at all times thereafter, the prospectus or the statement of additional information, as appropriate, of the offering Fund will disclose:

(i) The amount of any administrative or redemption fee, if any, imposed in connection with the exchange transaction; and

(ii) that the exchange offer is subject to termination and its terms are subject to change.

(c) Whenever the exchange offer is to be terminated or its terms are to be amended materially, any holder of a security subject to that offer shall 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 no notice need be given if, under extraordinary circumstances, either:

(i) there is either a suspension of the redemption of the exchanged security under Section 22(e) of the 1940 Act and the rules and regulations thereunder, or

(ii) the offering Fund temporarily delays or ceases the sale of the security to be acquired because it is unable to invest amounts effectively in accordance with applicable investment objectives, policies and restrictions.

Other than in the circumstances set forth in (c)(i) and (c)(ii) above, Applicants will dispense with the 60 days notice requirement only upon obtaining further relief from the Commission authorizing them to do so.

Conclusion

For the reasons set forth above, Applicants submit that the proposed offer of exchange is consistent with the intent and purpose of Section 11 of the 1940 Act, and that none of the abuses which Section 11 was enacted to prevent are present.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–7156 Filed 3–22–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 21828; 811–6615]

Prudential Adjustable Rate Securities Fund, Inc.

March 18, 1996.

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

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

APPLICANT: Prudential Adjustable Rate Securities Fund, Inc.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on February 7, 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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 12, 1996 and should be accompanied by proof of service on the applicant, 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 5th Street, NW., Washington, DC 20549. Applicant, One Seaport Plaza, New York, New York 10292.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Staff Attorney, at (202) 942–0573, or Robert A. Robertson, 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.

Applicant's Representations

1. Applicant is an open-end management investment company organized as a Maryland corporation. On March 25, 1992, applicant filed a registration statement pursuant to section 8(b) of the act on Form N–1A. The registration statement became effective on June 1, 1992, and the initial public offering commenced on June 10, 1992. Applicant has two classes of shares, Class A and Class B.

2. On May 15, 1995, applicant's board of directors approved an Agreement and Plan of Reorganization and Liquidation (the ''Agreement''). The Agreement provided that applicant would transfer its assets to Prudential Government Securities Trust-Short-Intermediate Term Series (''Term Series''), in exchange for shares of Term Series.

3. In order to comply with rule 17a–8, which provides an exemption for mergers of certain affiliated investment companies, applicant's directors determined that the reorganization was in the best interest of applicant and applicant's shareholders and that the interests of existing shareholders would

not be diluted as a result of the reorganization.[1]

4. A proxy statement was filed with the SEC and distributed to applicant's shareholders on or about June 30, 1995. Applicant's shareholders approved the Agreement on August 15, 1995.

5. On November 24, 1995, the reorganization was consummated. Applicant transferred its assets to Term Series and Term Series assumed all of applicant's liabilities in exchange for shares of Term Series based on the relative net asset value per Class A share and Class B share of applicant and a share of Term Series. Following the exchange, applicant liquidated and distributed the Term Series shares to each of its shareholders *pro rata.*

6. The expenses applicable to the reorganization are estimated to be approximately $114,600. Applicant and Term Series agreed that they would pay the expenses in proportion to their respective asset levels. Since all of applicant's assets have been transferred to Term Series and Term Series has assumed all of applicant's liabilities, these expenses will be satisfied from the assets of Term Series.

7. At the time of filing the application, applicant had no assets, and no outstanding debts or liabilities. Applicant has no shareholders and is not a party to any litigation or administrative proceeding. Applicant is not presently engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding-up of its affairs.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–7070 Filed 3–22–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21829; 811–5165]

Target Unit Investment Trust; Notice of Application

March 18, 1996.

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

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

APPLICANT: Target Unit Investment Trust.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on November 6, 1995 and amended on March 12, 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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 12, 1996, and should be accompanied by proof of service on applicant, 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 5th Street, NW., Washington, DC 20549. Applicant, 60 Broad Street, New York, New York 10004.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney, at (202) 942–0572, or Robert A. Robertson, 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.

Applicant's Representations

1. Applicant is a unit investment trust that was organized under the laws of New York. Applicant consists of five series, S–6 for Corporate High Yield Series 1 through 5 (''Trust Series 1 through 5''). On May 15, 1987, applicant registered under the Act as an investment company. On May 15, 1987, September 24, 1987, February 2, 1988, April 20, 1988, and October 31, 1988, applicant filed registration statements to register its shares under the Securities Act of 1933 for Trust Series 1, 2, 3, 4, and 5, respectively. The registration statements were declared effective on June 24, 1987 January 21, 1988, April 13, 1988, and October 27, 1988 for Trust Series 1, 2, 3, and 4, respectively. Applicant began a public offering for each series after that particular series was declared effective. No initial public offering was commenced for Trust Series 5. Investors Bank and Trust Company (''IBT'') and the First National Bank of Chicago serve as co-trustees for applicant. IBT held applicant's assets and performed all administrative and ministerial services.

2. Pursuant to the indenture for each Trust Series, applicant's sponsor Kidder Peabody & Co. Inc. (the ''Sponsor''), had the power to terminate a Trust Series whenever the value of the Trust Series was less than 50% of the aggregate principal amount of the securities held by the Trust Series on the initial date of deposit. The value of the securities held by each Trust Series dropped below this value.

3. Upon instructions provided by the Sponsor to IBT, termination notices were sent to unitholders. IBT made a *pro rata* disposition of net assets of each Trust Series to unitholders of record as of the termination date of the respective Trust Series who tendered their units in response to the termination notice. Liquidation payments were made available by IBT within two business days following each Trust Series' termination date.

4. As of March 12, 1996, all assets have been distributed except for those assets relating to 25,438 units in Trust Series 1. Such assets in the amount of $11,829.94 are being held by IBT pending distribution. IBT will continue to hold such assets and will mail a final notice to the unitholders on July 1, 1996. If still unclaimed, the remaining assets, if any, will escheat to the Commonwealth of Massachusetts pursuant to the provisions of state law, and IBT will turn the assets over to the Commonwealth on October 21, 1996. Thereafter, the unitholders must proceed directly against the Commonwealth to make good their claims.

5. Securities held in each Trust Series were liquidated pursuant to the terms of the indenture for each Trust Series at the direction of the Sponsor, who made the trades and provided trade instructions to IBT. With two exceptions, the price received by IBT was in excess of the par value of the securities sold (corporate bonds). There were no commissions or brokerage charges.

6. Pursuant to the provisions of the indenture governing each Trust Series, IBT deducted the amount of expenses and amounts owing from the trust corpus prior to making liquidating payments to unitholders. These expenses were: production and mailing of a final annual report, production of a final tax return, and production

[1] Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a–8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.