Applicants' Legal Analysis and Conditions

1. Section 6(c) of the 1940 Act authorizes the SEC to grant an exemption from any provision, rule or regulation of the 1940 Act to the extent such 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 1940 Act to do so.

2. Sections 26(a)(2)(c) and 27(c)(2) of the 1940 Act, in relevant part, prohibit a registered unit investment trust, its depositor or principal underwriter, from selling periodic payment plan certificates unless the proceeds of all payments, other than sales loads, are deposited with a qualified bank and are held under arrangements which prohibit any payment to the depositor or principal underwriter except a reasonable fee, as the SEC may prescribe, for performing bookkeeping and other administrative duties normally performed by the bank itself.

3. Applicants seek an order under Section 6(c) of the 1940 Act granting exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of a mortality and expenses risk charge from the assets of the Accounts and Future Accounts under the Contracts and Future Contracts. Applicants also seek exemptive relief for Future Broker-Dealers that may serve as distributors and/or principal underwriters for Contracts and Future Contracts.

4. Applicants state that the terms of the relief requested with respect to any Future Contracts funded by the Accounts and Future Accounts are consistent with the standards set forth in Section 6(c) of the 1940 Act. Applicants represent that the Future Contracts will be materially similar to the Current Contracts. Applicants state that without the requested relief, each Company would have to request and obtain exemptive relief for the Accounts and Future Accounts to fund each Future Contract. Applicants assert that these additional requests for exemptive relief would present no issues under the 1940 Act not already addressed in this application, and the requested relief is appropriate in the public interest because the relief will promote competitiveness in the variable annuity market by eliminating the Applicants' need to file redundant exemptive applications, thereby reducing administrative expenses and maximizing efficient use of resources.

5. Applicants represent that the 1.20% mortality and expense risk charge under the Contracts is reasonable in relation to the risks assumed by each Company under the Contracts, and is within the range of industry practice for comparable annuity contracts, based on a review of the publicly available information regarding products of other companies. Each Company represents that it will maintain at its principal offices, and make available upon request to the Commission or its staff, a memorandum detailing the variable annuity products analyzed, the methodology used in, and the results of, the comparative review.

6. Each Company represents that, before issuing any Future Contracts, it will make the same determinations on the same basis as to the mortality and expense risk charges under such contracts, and will maintain at its principal offices, and will make available upon request to the Commission or its staff, a memorandum setting forth in detail the methodology used in making such determinations.

7. Applicants acknowledge that the CDSC may be insufficient to cover all distribution costs, and that if a profit is realized from the mortality and expense risk charge, all or a portion of such profit may be offset by distribution expenses not reimbursed by the CDSC. Notwithstanding this, each Company has concluded that there is reasonable likelihood that the proposed distribution financing arrangement made with respect to the Contracts and Future Contracts will benefit the Accounts and Future Accounts, Contractowners and Future Contractowners, and Contract and Future Contract participants. The basis for such conclusion is set forth in a memorandum which will be maintained by the Company at its home office and will be available to the Commission or its staff upon request.

8. Each Company represents that, before issuing Future Contracts, it will conclude that there is a reasonable likelihood that the distribution financing arrangements proposed for such contracts will benefit the Accounts and Future Accounts, Future Contractowners, and Future Contract participants. Each Company represents that it will maintain at its executive office, and will make available upon request to the Commission or its staff, a memorandum setting forth the basis for such conclusion.

9. The Company also represents that the Accounts and Future Accounts will invest only in underlying investment companies which have undertaken to have a board of directors or a board of trustees, as applicable, a majority of whom are not ''interested persons'' of such Accounts and Future Accounts—within the meaning of Section 2(a)(19) of the 1940 Act, formulate and approve any plan under Rule 12b–1 under the 1940 Act to finance distribution expenses.

Conclusion

For the reasons set forth above, Applicants represent that the requested exemptions are necessary and appropriate in the public interest and consistent with the protection of investors and 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. 96–22720 Filed 9–5–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 35–26567]

Filings Under the Public Utility Holding Company Act of 1935, as Amended (''Act'')

August 30, 1996.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by September 23, 1996, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended,

may be granted and/or permitted to become effective.

Entergy Corp., et al. (70–8899)

Entergy Corp. (''Entergy''), a registered holding company located at 639 Loyola Avenue, New Orleans, Louisiana 70113, and its retail public utility subsidiary companies, Entergy Arkansas, Inc. (''Arkansas''), 425 West Capitol Avenue, Little Rock, Arkansas 72201, Entergy Gulf States, Inc. (''Gulf States''), 350 Pine Street, Beaumont, Texas 77701, Entergy Mississippi, Inc. (''Mississippi''), 308 East Pearl Street, Jackson, Mississippi 39201, Entergy Louisiana, Inc. (''Louisiana''), and Entergy New Orleans, Inc. (''New Orleans''), both located at 639 Loyola Avenue, New Orleans, Louisiana 70113 (collectively, ''Operating Companies''), as well as System Energy Resources, Inc. (''System Energy''), a generating public utility subsidiary company of Entergy, Entergy Operations, Inc. (''EOI''), a nuclear management public utility of Entergy, both of 1340 Echelon Parkway, Jackson, Mississippi 39213, System Fuels, Inc. (''SFI''), a nonutility subsidiary, 350 Pine Street, Beaumont, Texas 77701, and Entergy's service company subsidiary, Entergy Services, Inc. (''ESI''), 639 Loyola Avenue, New Orleans, Louisiana 70113, have filed jointly an application-declaration under sections 6(a), 7, 9(a), 10, and 12(b) of the Act and rules 43, 45 and 54 thereunder in connection with short-term debt financings.

The Operating Companies and System Energy propose, through November 30, 2001, to borrow through the Entergy System Money Pool [1] and to issue and sell unsecured short-term notes and commercial paper to commercial banks and dealers in such paper. The maximum amount of loans, notes, and commercial paper that each could issue would be limited as follows: Arkansas, $235 million; Gulf States, $340 million; Louisiana, $225 million; Mississippi, $103 million; New Orleans, $35 million; and System Energy, $140 million.

In addition, EOI, ESI, and SFI propose, through November 30, 2001, to borrow through the Money Pool, to borrow from Entergy,[2] and/or to borrow from commercial banks. Any loan agreements or commitments from banks would correspondingly reduce the amount of Entergy's commitment to EOI, ESI and SFI under their respective Loan Agreements. The aggregate principal amount of borrowings outstanding at any one time from the Money Pool, Entergy, and banks would be limited as follows: EOI, $20 million; ESI, $150 million; and SFI, $95 million.[3]

The Money Pool will continue to be administered on behalf of the Participants by ESI under the direction of its Treasurer. The Money Pool consists solely of available funds from the Participants (excluding Entergy) or otherwise invested. the Participants will not borrow funds to participate in the Money Pool. Entergy will invest available funds in, but under no circumstances will be permitted to borrow funds from, the Money Pool.

The Money Pool will be managed to match the available cash and borrowing requirements of the Participants to minimize the need for loans by the Participants from external sources. Notwithstanding the availability of Money Pool funds, the Participants might instead make short-term loans or issue commercial paper to maintain a market presence. The Operating Companies and System Energy will have priority on borrowing funds from the Money Pool; EOI, ESI and SFI will be permitted to borrow through the Money Pool only if, on any given day, funds remain available.

Certain credit agreements of System Energy require, absent a waiver, that its Money Pool borrowings be subordinated to the extent that, upon the occurrence of certain events (such as a default under the credit agreements, insolvency, bankruptcy, liquidation, or reorganization), System Energy would not be permitted to pay principal or interest on Money Pool borrowings, unless or until all obligations under the credit agreements have been met or otherwise provided for.

ESI will invest Money Pool funds not loaned to Participants and allocate returns on the investments to the Participants on a pro rata basis in accordance with their respective interests in such funds. ESI proposes to invest excess funds in securities exempt from section 9(a) of the Act pursuant to section 9(c) of the Act and rule 40 thereunder.

The Operating Companies and System Energy will be entitled to borrow, on any given day, an amount of an equal allocation of such funds among the Participants. Where such an allocation would provide Participants funds in excess of its or their requirements, the excess will be available for loans equally allocated among the remaining Participants. To the extent that EOI, ESI, and SFI are permitted to borrow, the funds available for lending will be allocated in the same manner. Participants that borrow will borrow pro rata from Participants that loan in the proportion that the total amount loaned by the Participant bears to the total amount then being loaned through the Money Pool.

Loans from the investments through the Money Pool will be evidenced on the books of each Participant. All loans will be payable on demand, prepayable without premium or penalty, and will bear interest equal to the daily weighted average investment rate.[4] If there are no excess Money Pool funds to invest, the rate of interest on loans from the Money Pool will be the Daily Federal Funds Effective Rate quoted by the Federal Reserve Bank of New York.

The Operating Companies and System Energy might establish lines of credit with commercial banks, either individually or on a consolidated basis with each other and with EOI, ESI and SFI (together with Operating Companies and System Energy, the ''Borrowers''). The Borrowers will issue and sell unsecured short-term notes payable within one year. The interest on each note will be selected by the Borrower from among four options, but in each instance the interest rate will be comparable to rates generally prevailing tin the market for loans with similar terms for borrowers with comparable credit quality. The notes may, at the option of the Borrower or under certain circumstances with the consent of the lender, be prepayable without premium or penalty, except where interest rates are tied to bank certificate of deposits, the eurodollar market, or certain bid rates.

The Borrower might pay a commitment fee, which will be comparable to those prevailing in the market for loans to borrowers with

[1] The Money Pool consists of available funds, invested by the participating Entergy system companies, which may be borrowed by the participants, excluding Entergy, to meet their respective interim capital needs.

[2] By orders dated June 5, 1990 (HCAR No. 25100), September 17, 1991 (HCAR No. 25376), and March 16, 1994 (HCAR No. 26006), EOI, ESI and SFI, respectively, were each authorized to enter a loan agreement with Entergy (hereinafter referred to for each subsidiary company as the ''EOI Loan Agreement,'' the ''ESI Loan Agreement,'' and the ''SFI Loan Agreement;'' collectively, ''Loan Agreements'').

[3] EOI and SFI currently can borrow up to $15 million and $30 million, respectively, under their respective Loan Agreements with Entergy. In addition to its Loan Agreement with Entergy, SFI has separately authorized credit agreements with Yasuda Trust & Banking Co., Ltd., and the Bank of American National Trust and Savings Association, for $45 million and $20 million, respectively.

[4] The ''daily weighted average investment rate'' is defined as the aggregate of the total interest payable on all investments in the Money Pool portfolio (made from funds not loaned to Participants) multiplied by 360 and then divided by the total amount invested in the Money Pool portfolio.

comparable credit quality. Entergy proposes, where required, to guarantee bank loans for EOI, ESI and SFA, up to the maximum amount each is authorized to borrow.

The Operating Companies and System Energy might issue commercial paper in the form of unsecured notes to mature within not more than 270 days, not prepayable, at a discount not in excess of the then-prevailing maximum discount rate for comparable paper. The commercial paper will be re-sold, with the customary discount, on a nonpublic basis to commercial banks, insurance companies, corporate pension funds, investment trusts, foundation, colleges and university funds, municipal and state funds and other financial and non-financial institutions that normally invest in commercial paper.

The Operating Companies and System Energy propose to use the proceeds from borrowings from the Money Pool and the issuance of short-term notes and commercial paper to provide interim financing for construction expenditures, to meet long-term debt maturities and satisfy sinking fund requirements, as well as for the refunding, redemption, purchase or other acquisition of all or a portion of certain outstanding debt for general corporate purposes. EOI proposes to use the proceeds to finance its interim capital needs. ESI proposes to use the proceeds for the repayment of other borrowings and to fund its service company activities. SFI proposes to use the proceeds to repay other borrowings and to finance its fuel supply activities, including acquiring, owning and financing nuclear materials, related services, and the acquisition and ownership of fuel oil inventory. None of the proceeds authorized herein will be used to invest directly or indirectly in an exempt wholesale generator or foreign utility company.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–22813 Filed 9–5–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–22192; File No. 812–9958]

The Travelers Insurance Company, et al.

August 30, 1996.

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

ACTION: Notice of application for an order under the Investment Company Act of 1940 (''1940 Act'').

APPLICANTS: The Travelers Insurance Company (''Travelers''), the Travelers Fund QP for Variable Annuities (''Account'') and Tower Square Securities, Inc. (''Tower'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act granting exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF THE APPLICATION: Applicants seek an order under Section 6(c) of the 1940 Act granting exemptions from sections 26(a)(2)(C) and 27(c)(2) to the extent necessary to permit the deduction of a morality and expense risk charge from the assets of the Account or other separate accounts established by Travelers in the future (''Other Accounts'') to support certain group variable annuity contracts (''Current Contracts'') as well as other variable annuity contracts that are materially similar to the Current Contracts (''Future Contracts,'' together with the Current Contracts, ''Contracts''). Applicants request that such exemptive relief extend to any broker-dealer other than Tower that is affiliated with travelers, is registered as a broker-dealer under the Securities Exchange Act of 1934, and may serve in the future as principal underwriter of the Contracts (''Future Underwriter'').

FILING DATES: The application was filed on January 23, 1996. Amendments to the application were filed on July 31, 1996, August 15, 1996, and August 30, 1996.

HEARING OR 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 Secretary of the SEC 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 September 24, 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 requestor'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 Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, Kathleen A. McGah, Counsel and Assistant Secretary, The Travelers Insurance Company, One Tower Square, Hartford, Connecticut 06183.

FOR FURTHER INFORMATION CONTACT: Mark C. Amorosi, Attorney, or Patrice M. Pitts, Special Counsel, Office of Insurance Products (Division of Investment Management), at (202) 942–0670.

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

Applicants' Representations

1. Travelers, a stock life insurance company organized in Connecticut and an indirect wholly-owned subsidiary of Travelers Group Inc., is the sponsor and depositor of the Account and will be the sponsor and depositor of any Other Account. Travelers is licensed to conduct life insurance and annuity business in all states of the United States, the District of Columbia, Puerto Rico, Guam, the U.S. and British Virgin Islands and the Bahamas.

2. The Account was established on December 25, 1995, as a separate account under Connecticut law to fund group flexible premium deferred variable annuity contracts and certificates. The Account is registered under the 1940 Act as a unit investment trust and will be used to fund the Contracts. The Account is divided into 27 subaccounts (the ''Subaccounts''), each of which will invest solely in shares of a registered open-end management investment company or portfolio thereof.

3. Tower, an affiliate of Travelers and an indirect wholly-owned subsidiary of Travelers Group Inc., is the distributor of the Current Contracts. Tower is registered as a broker-dealer under the Securities Exchange Act of 1934 (''1934 Act'') and is a member of the National Association of Securities Dealers, Inc. Any Future Underwriter will be affiliated with Travelers and registered as a broker-dealer under the 1934 Act.

4. The Current Contracts are designed to provide retirement payments and other benefits for persons covered under certain retirement plans qualified for federal income tax advantages available under the Internal Revenue Code of 1986, as amended, and for persons covered under retirement plans that do not qualify for such tax advantages. The Current Contracts may be sold on an allocated or unallocated basis. Purchase payments under the Current Contracts may be made by or on behalf of a participant in a Current Contract (''Participant'') who is covered under a retirement plan.

5. The Current Contracts provide for, among other things: (a) minimum purchase payments; (b) allocation of purchase payments to one or more of the Account's Subaccounts, or to the fixed account, or both; and (c) several