

current basis and invested them in shares of the Underlying Securities.

#### Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. With respect to the requested relief from rule 2a-7, any money market Fund that values its assets by the amortized cost method or the penny-rounding method will buy and hold Underlying Securities that determine the performance of Deferred Fee Accounts to achieve an exact match between such Fund's liability to pay deferred fees and the assets that offset that liability.

2. If a Fund purchases Underlying Securities issued by an affiliated Fund, the purchasing Fund will vote such shares in proportion to the votes of all other holders of shares of such affiliated Fund.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-19566 Filed 7-31-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22100; 811-6335]

#### Quest For Value Global Funds, Inc.; Notice of Application

July 25, 1996.

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

**ACTION:** Notice of Application for Exemption Under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** Quest For Value Global Funds, Inc. (the "Fund").

**RELEVANT ACT SECTION:** Section 8(f).

**SUMMARY OF APPLICATION:** Applicants request an order declaring that it has ceased to be an investment company.

**FILING DATES:** The application was filed on May 6, 1996 and amended on June 16, 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 August 19, 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 5th Street, N.W., Washington, DC 20549. Applicant, One World Financial Center, New York, NY 10281.

**FOR FURTHER INFORMATION CONTACT:** Suzanne Krudys, Senior Counsel, at (202) 942-0641, or Alison E. Baur, Branch Chief, (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**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, a registered open-end investment company, was organized as a Maryland corporation on June 12, 1991. On June 19, 1991, the Fund registered under the Act on Form N-8A and filed a registration statement on Form N-1A pursuant to section 8(b) of the Act and the Securities Act of 1933. The registration statement was declared effective on August 23, 1991 and applicant commenced its public offering of shares on December 2, 1991.

2. At a meeting held on June 22, 1995, the applicant's Board of Directors adopted and recommended an Agreement and Plan of Reorganization (the "Agreement"). The Agreement provided that applicant would transfer its assets to Oppenheimer Strategic Income Fund ("SIF"), a series of Oppenheimer Strategic Funds Trust ("Trust"), in exchange for shares of SIF.

3. Also at this meeting, the applicant's directors determined that the reorganization of the Fund would be in the best interests of the shareholders of the Fund and that no shareholder's interest would be diluted as a consequence thereof.

4. A proxy statement was filed with the Commission and mailed to shareholders in connection with the solicitation by the applicant's Board of Directors of proxies for the purpose of voting on the Reorganization Plan. At a meeting held on November 16, 1995, the shareholders approved the Agreement.

5. The reorganization of the Fund with SIF closed on November 24, 1995 (the "Closing Date"). Pursuant to the Reorganization Plan, all of the assets of the Fund less a cash reserve and net of any liability for outstanding shareholder redemptions were transferred to SIF in exchange for shares of SIF. The asset transfer in exchange for shares of SIF was based on the relative net asset value

of applicant's shares. Following the exchange, applicant distributed the SIF shares to each of its shareholders on a *pro rata* basis.

6. The cost of printing and mailing the proxies and proxy statements, and the cost of the tax opinion, were divided between Oppenheimer Capital, applicant's investment adviser, and OppenheimerFunds, Inc., manager of the Trust. Any other out-of-pocket expenses of the Fund, including legal, accounting and transfer agent expenses, were borne by Oppenheimer Capital. Expenses incurred with respect to documents included in the mailing to SIF's shareholders were borne by SIF. Any other out-of-pocket expenses of SIF, including legal, accounting and transfer agent expenses, were borne by OppenheimerFunds Inc.

7. At the time of filing the application, applicant's only assets remaining are \$2,341.00 in cash. The cash retained represents an estimate of the total outstanding invoices which remain unbilled.

8. Applicant has no shareholders as of the time of filing the application and is not a party to any litigation or administrative proceeding. Applicant is not engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 96-19529 Filed 7-31-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22104; 812-9100]

#### Scudder Global Fund, Inc., et al; Notice of Application

July 26, 1996.

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

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

**SUMMARY:** Scudder Global Fund, Inc., Scudder International Fund, Inc., Scudder Mutual Funds, Inc., Scudder Equity Trust, Scudder Investment Trust, Scudder Funds Trust, Scudder Portfolio Trust, Scudder Securities Trust, Scudder GNMA Fund, Scudder Cash Investment Trust, Scudder Pathway Series ("Pathway Series," collectively the foregoing are the "Scudder Funds"), Scudder, Stevens & Clark, Inc. ("SSC"), Scudder Service Corporation ("Scudder Service"), Scudder Investor Services, Inc. ("SIS"), Scudder Trust Company

("STC"), and Scudder Fund Accounting Corporation ("SFAC"), and Scudder Fund Accounting Corporation ("SFAC").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) to exempt the applicants from sections 12(d)(1) (A) and (B), sections 6(c) and 17(b) to exempt applicants from section 17(a), and rule 17d-1 under the Act to permit certain joint transactions.

**SUMMARY OF APPLICATION:** The requested order would permit the Pathway Series to operate as a "fund of funds."

**FILING DATES:** The application was filed on October 24, 1994, and amended on January 27, 1995, June 6, 1996, and July 24, 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 August 22, 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 may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants: Scudder Global Fund, Inc., Scudder International Fund, Inc., and Scudder Mutual Funds, Inc., 345 Park Avenue, New York, New York 10154-0010 and Scudder Equity Trust, Scudder Investment Trust, Scudder Funds Trust, Scudder Portfolio Trust, Scudder Securities Trust, Scudder GNMA Fund, Scudder Cash Investment Trust, Pathway Series, SSC, Scudder Service, SIS, STC, and SFAC, Two International Place, Boston, Massachusetts 02110-4103.

**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.

#### Applicant's Representations

1. The Pathway Series is a registered, No-load, open-end, management

investment company organized as a Massachusetts business trust. The Pathway Series will initially consist of six portfolios. Each Portfolio will invest substantially all of its assets in certain Scudder Funds (the "Underlying Funds"). The Underlying Funds are no-load, open-end investment companies which have not adopted plans under rule 12b-1 to finance their distribution and, in some cases, are organized as series investment companies.

Applicants request that the relief sought herein also apply to any future open-end management investment company or series thereof, which is advised by SSC or distributed by SIS which are part of the same group of investment companies as defined in rule 11a-3 under the Act (such funds are also the "Scudder Funds").

2. SSC serves as the investment adviser to each of the Scudder Funds. SIS serves as principal underwriter of the Scudder Funds. Scudder Service performs certain shareholder services for the Scudder Funds. SFAC provides fund accounting services for certain Scudder Funds. STC provides recordkeeping services with respect to certain shares of the Scudder Funds. SIS, SFAC, STC, and Scudder Service are all subsidiaries of SSC.

3. Applicants propose that, subject to the conditions to the requested order, the Pathway Series be permitted to purchase and redeem shares of the Underlying Portfolios, and that each Underlying Portfolio be permitted to sell and redeem shares from each of the Pathway Series. The Pathway Series will invest almost exclusively in shares of Underlying Funds.

4. SSC does not currently intend to charge an additional advisory fee for the Pathway Series, earning only those advisory fees accruing to the Underlying Fund holdings. As currently contemplated, the Pathway Series will be sold on a no-load basis and without rule 12b-1 fees, although the Pathway Series and the Underlying Funds may charge sales loads or service fees in the future. It is also currently contemplated that all other expenses (shareholder servicing, legal, accounting, etc.) will be paid for in accordance with a special servicing agreement ("Agreement") to be entered into between SSC, SIS, Scudder Service, STC, SFAC, the Pathway Series, and the Underlying Funds.

5. Under the Agreement, SSC will arrange for all of the services pertaining to the operation of the Pathway Series. In addition, the Agreement will provide that, if the officers of any Underlying Fund, at the direction of its board of director/trustees, determine that the

aggregate expenses of the Pathway Series are less than the estimated savings to the Underlying Fund from the operation of the Pathway Series, the Underlying Fund will bear those expenses in proportion to the average daily value of its shares owned by each Pathway Series portfolio, provided that no Underlying Fund bears expenses in excess of the estimated savings to it. In the event that the aggregate financial benefits to the Underlying Funds do not exceed the costs of the Pathway Series, the Agreement will provide either that SSC or the Pathway Series will bear that portion of costs determined to be greater than the benefits. The determination of whether and the extent to which the benefits to the Underlying Funds from the organization and operation of the Pathway Series will exceed the costs to the Underlying Funds will be made based on an analysis described in the application. The board of directors/trustees for each Underlying Fund, prior to authorizing its fund to be a party to the Agreement, will review and approve this analysis, and afterwards, upon annual review of the Agreement, determine its continued appropriateness for each Underlying Fund. If the Pathway Series determines not to enter into the Agreement, it will bear its own expenses in connection with fund operations and separately contract with various service providers.

#### Applicants' Legal Analysis

1. Applicants request an order under section 6(c) of the Act for an exemption from section 12(d)(1) of the Act, under sections 6(c) and 17(b) for an exemption from section 17(a), and pursuant to section 17(d) and rule 17d-1 under the Act to permit the Funds to enter into the Agreement, which would otherwise be prohibited by section 17(d) and rule 17d-1. The requested relief would permit the Pathway Series to acquire up to 100% of the voting shares of any Underlying Fund.

2. Section 12(d)(1)(A) of the Act would prohibit the Pathway Series from purchasing more than 3% of the outstanding voting securities of an Underlying Fund, securities issued by all Underlying Funds having an aggregate value in excess of 5% of the value of the total assets of the Pathway Series, or securities issued by the Underlying Funds and all other investment companies having an aggregate value in excess of 10% of the value of the total assets of the Pathway Series. Section 12(d)(1)(B) would prohibit the Underlying Funds from selling more than 3% of their outstanding voting securities to the Pathway Series and more than 10% to

the Pathway Series and other investment companies.

3. Section 6(c) permits the SEC to exempt any person or transaction from any provision of the Act, if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies of the Act. For the reasons provided below, applicants argue that the requested order meets the section 6(c) standards.

4. Section 12(d)(1) is intended to prevent the pyramiding of investment companies, the layering of fees, and undue organizational complexities. Applicants state that none of these abuses associated with fund holding companies are present with respect to the proposed arrangement, and that the Pathway Series will provide the benefits of diversification and cost savings to its investors.

5. Applicants believe that the concern over potential large scale redemptions is not present in the context of the Funds. Because the Pathway Series will only acquire shares of Underlying Funds that are in the Scudder family of funds, a redemption from one Underlying Fund will simply lead to the investment of the proceeds in another Underlying Fund. Applicants also believe that the proposed arrangement will not result in disruptive redemptions because the Pathway Series will be designed for long-term investors. This will reduce the possibility of the Pathway Series being used as short-term trading vehicles and further protect the Pathway Series and the Underlying Funds from unexpected large redemptions.

6. While applicants currently do not anticipate that the Pathway Series will be subject to sales loads, distribution fees, or shareholder servicing fees, any sales charges or service fees relating to the shares of the Pathway Series will not exceed the limits set forth in Article III, section 26 of the NASD's Rules of Fair Practice, when aggregated with any sales charges or service fees that the Pathway Series may pay relating to the Underlying Portfolio shares. The aggregate sales charges at both levels, therefore, will not exceed the limit that otherwise lawfully could be charged at any single level.

7. Section 17(a) of the Act generally prohibits sales or purchases of securities between a registered investment company and any affiliated person of that company. The sale by the Underlying Funds of their shares to the Pathway Series could be deemed to be a principal transaction between affiliated persons that are prohibited under section 17(a). Because the

Pathway Series and the Underlying Funds are each advised by SSC they could be deemed to be affiliates of one another. Therefore, applicants request an order to permit the Underlying Funds to sell their shares to the Pathway Series.

8. Section 17(b) permits the SEC to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned. Section 17(b) could be interpreted to exempt only a single transaction. However, the Commission, under section 6(c) of the Act, may exempt a series of transactions that otherwise would be prohibited by section 17(a). Applicants believe that the terms of the transactions meet the standards of sections 6(c) and 17(b).

9. Section 17(d) of the Act and rule 17d-1 thereunder prohibit an affiliated person of an investment company, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates. The Agreement contemplates the Pathway Series, the Underlying Funds, and various other affiliated "Scudder" entities may jointly participate in an arrangement whereby the fees and expenses of operating the Pathway Series would be shared among the Underlying Funds or, in certain cases, borne by SSC. Accordingly, the arrangements contemplated by the Agreement could be viewed as constituting a "joint or joint and several participation." Accordingly, applicants request relief under section 17(d) and rule 17d-1 to permit the Pathway Series to enter into the Agreement.

10. Rule 17d-1 permits the SEC to approve a proposed joint transaction. In determining whether to approve a transaction, the SEC is to consider whether the proposed transaction is consistent with the provisions, policies, and purposes of the Act, and the extent to which the participation of the investment companies is on a basis different from or less advantageous than that of the other participants. Applicants believe that the requested relief meets these standards.

11. The Pathway Series and all of the Underlying Funds will participate in the arrangement on the same, or substantially the same, basis. Under the Agreement, each Underlying Fund and all Underlying Funds in the aggregate will bear the expenses of the Pathway Series only to the extent that such expenses are less than the benefits of the Pathway Series to the Underlying

Funds. The payment of Pathway Series expenses by any Underlying Fund will be subject to review and approval by that Fund's board of directors/trustees, including a majority of an Underlying Fund's independent directors/trustees. Shareholders of the Pathway Series will be on the same footing as shareholders of the Underlying Funds in that their proportionate shares of the expenses of the Underlying Funds, as paid indirectly by the Pathway Series, will be no more, or less, than the fund expenses incurred directly by shareholders of the Underlying Funds.

#### Applicants' Conditions

Applicants will abide by the following conditions to the relief requested:

1. The Pathway Series and each Underlying Fund will be part of the same "group of investment companies," as defined in rule 11a-3 under the Act.

2. No Underlying Fund shall acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

3. A majority of the trustees of the Pathway Series will not be "interested persons," as defined in section 2(a)(19) of the Act ("Independent Trustees").

4. Before approving any advisory contract under section 15, the board of trustees of the Pathway Series, including a majority of the Independent Trustees, shall find that advisory fees charged under such contract are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to any Underlying Fund's advisory contract. Such finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Pathway Series.

5. Any sales charges and other service fees charged with respect to securities of the Pathway Series, when aggregated with any sales charges and service fees paid by the Pathway Series with respect to securities of the Underlying Funds, shall not exceed the limits set forth in Article III, section 26, of the Rules of Fair Practice of the National Association of Securities Dealers, Inc.

6. Applicants agree to provide the following information, in electronic format, to the Chief Financial Analyst of the SEC's Division of Investment Management: monthly average total assets for each Pathway portfolio and each of its Underlying Funds; monthly purchases and redemptions (other than by exchange) for each Pathway portfolio and each of its Underlying Funds; monthly exchanges into and out of each Pathway portfolio and each of its Underlying Funds; month-end

allocations of each Pathway Series portfolio's assets among its Underlying Funds; annual expense ratios for each Pathway portfolio and each of its Underlying Funds; and a description of any vote taken by the shareholders of any Underlying Fund, including a statement of the percentage of votes cast for and against the proposal by the Pathway Series and by the other shareholders of the Underlying Funds. Such information will be provided as soon as reasonably practicable following each fiscal year-end of the Pathway Series (unless the Chief Financial Analyst shall notify applicants in writing that such information need no longer be submitted).

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

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 96-19567 Filed 7-31-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22099; 812-10140]

### Van Eck Funds, et al.; Notice of Application

July 25, 1996.

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

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

**APPLICANTS:** Van Eck Funds, Van Eck Worldwide Insurance Trust (collectively, the "Funds"), and Van Eck Associates Corporation ("Van Eck Associates").

**RELEVANT ACT SECTIONS:** Order requested under sections 6(c) of the Act for an exemption from sections 13(a)(2), 13(a)(3), 18(f)(1), 22(f), and 22(g), and rule 2a-7 thereunder; under sections 6(c) and 17(b) of the Act for an exemption from section 17(a)(1); and under section 17(d) of the Act and rule 17d-1 thereunder.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit the Funds to enter into deferred compensation arrangements with their independent trustees.

**FILING DATES:** The application was filed on May 9, 1996, and amended on July 19, 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 August 19, 1996 and should be accompanied by proof of service on the 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, 99 Park Avenue, New York, N.Y. 10016.

**FOR FURTHER INFORMATION CONTACT:** Christine Y. Greenlees, Senior Counsel, at (202) 942-0581, 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.

#### Applicants' Representations

1. Each of the Funds is a registered open-end management investment company comprised of several investment portfolios. Van Eck Associates serves as the investment adviser to each series of the Funds. Applicants request that the exemption also apply to any registered investment companies that in the future are advised by Van Eck Associates or any entity under common control with or controlled by Van Eck Associates. (Such future funds are also referred to as the "Funds.")

2. Each Fund has a board of trustees, a majority of whom are not "interested persons" within the meaning of section 2(a)(19) of the Act ("independent trustees"). Each independent trustee receives annual fees from the Funds. No trustee who is an affiliated person of Van Eck Associates receives any remuneration from any Fund.

3. Effective January 1, 1996, certain independent trustees entered into a deferred fee agreement (each an "Agreement"), an unfunded, nonqualified deferred compensation arrangement, with each of the Funds. Under the Agreement, an independent trustee may elect to defer receipt of all or a portion of his or her fees earned on or after the effective date of the Agreement through December 31, 1996.

4. Each of the Funds has established a book reserve account on behalf of each electing independent trustee (each a "Deferred Fee Account"). On the dates

that each such Fund would otherwise pay these deferred fees, the Fund credits such amounts into the Deferred Fee Account. Interest on each Deferred Fee Account is credited each quarter, calculated based on the balance of the Deferred Fee Account as of the first day of each quarter. The interest rate that has been used to date is based on the prevailing rate for 90-day U.S. Treasury bills in effect as of the prior quarter end or as close to that date as is possible.

5. Each of the Funds now proposes to adopt a formal deferred compensation plan (the "Plan"). The Plan would permit independent trustees to elect to defer receipt of all or a portion of their fees, thereby also enabling them to defer payment of income taxes on such fees.

6. An independent trustee will be able to defer fees with respect to one, several or all of the Funds for which he or she serves as an independent trustee. The election is to be made by execution of a notice of election to defer compensation ("Notice of Election"). A Notice or Election generally must be made prior to January 1 of each calendar year for which compensation is to be deferred.

7. Each Fund now proposes to use returns on certain Funds and other investment companies that are not affiliated with Van Eck Associates designated from time to time by the trustees (the "Eligible Funds") to determine the amount of earnings and gains or losses allocated to an independent trustee's Deferred Fee Account. If the requested relief is granted, the value of the Deferred Fee Account as of any date would be periodically adjusted by treating the Deferred Fee Account as though an equivalent dollar amount had been invested and reinvested in certain designated securities (the "Underlying Securities"). The underlying Securities for a Deferred Fee Account will be shares of any of the Eligible Funds as the participating independent trustee shall have designated in his or her Notice of Election. Each Deferred Fee Account shall be credited or charged with book adjustments representing all interest, dividends and other earnings and all gains and losses which would have been realized had such account been invested in such Underlying Securities.

8. The Plan provides that a participating Fund's obligation to make payments from a Deferred Fee Account will be a general obligation of the Fund and payments made pursuant to the Plan will be made from such Fund's general assets and property. With respect to the obligations created under the Plan, the relationship of an