

Dated: August 13, 1996.
Margaret H. McFarland,
Deputy Secretary.
[FR Doc. 96-21108 Filed 8-19-96; 8:45 am]
BILLING CODE 8010-01-M

[Rel. No. IC-22140; 812-10214]

**The Advisors' Inner Circle Fund;
Notice of Application**

August 14, 1996.

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

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

APPLICANT: The Advisors' Inner Circle Fund (the "Trust"), on behalf of A+P Large-Cap Value Fund (the "Portfolio").

RELEVANT ACT SECTIONS: Order requested under section 17(b) of the Act for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicant requests an order to permit certain shareholders who are "affiliated persons" of its Portfolio series, solely by reason of owning more than 5% of the Portfolio's shares, to redeem Portfolio shares for payment in-kind.

FILING DATE: The application was filed on June 20, 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 September 9, 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, 2 Oliver Street, Boston, MA 02109.

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 at the SEC's Public Reference Branch.

Applicant's Representations

1. The Trust, an open-end management investment company established as a Massachusetts business trust, currently offers nine portfolios, including the Portfolio. Five of the Trust's seven trustees are not "interested persons" (as defined in section 2(a)(19) of the Act) (the "Independent Trustees") of the Trust. The investment objective of the Portfolio is to seek total return. It seeks to achieve this objective by investing primarily in common stocks of large capitalization companies.

2. Aronson & Partners (the "Adviser") has acted as the Portfolio's investment adviser since its date of inception pursuant to an advisory agreement dated October 15, 1993. The Adviser is registered as an investment adviser under the Investment Advisers Act of 1940.

3. As of June 17, 1996, Cooper Health Care Retirement Plan, Medlantic Health Care (Corporate), Medlantic Health Care (Retirement) and General Service Foundation (collectively, the "Affiliated Shareholders") owned beneficially and of record approximately 17%, 33.4%, 35.6%, 10.6%, respectively, of the Portfolio's outstanding shares. At such time, each Affiliated Shareholder was an "affiliated person" of the Portfolio as defined in section 2(a)(3)(A) of the Act because each owned more than 5% of the shares of the Portfolio. Each Affiliated Shareholder will continue to be an affiliated person of the Portfolio until the redemptions described below are effected.

4. Each Affiliated Shareholder has notified the Trust that it expects to redeem its shares of the Portfolio and place the proceeds in a separate investment advisory account to be managed by the Adviser. Shares of the Portfolio may be redeemed at the net asset value per share next determined after the Trust's transfer agency receives a proper redemption request. The Portfolio's prospectus and statement of additional information provide that, in limited circumstances, the Portfolio may satisfy all or part of a redemption request by delivering portfolio securities to a redeeming shareholder if the board of trustees of the Trust determines that it is appropriate in order to protect the best interests of the Portfolio and its shareholders. The board (including all of the Independent Trustees) has determined that it would be in the best interests of the Portfolio and its shareholders to pay to each Affiliated

Shareholder the redemption price for its shares substantially in-kind.

5. The Trust, in accordance with its redemption policies,¹ proposes to pay the first \$250,000 of each such redemption in cash and the remainder in the form of a proportionate distribution of each portfolio security held by the Portfolio (the "Proposed In-Kind Redemptions") after excluding: (a) securities which, if distributed, would be required to be registered under the Securities Act of 1933; (b) securities issued by entities in countries which (i) restrict or prohibit the holding of securities by non-nationals other than through qualified investment vehicles, such as the Portfolio, or (ii) permit transfers of ownership of securities to be effected only by transactions conducted on a local stock exchange; and (c) certain portfolio assets (such as forward foreign currency exchange contracts, futures and options contracts and repurchase agreements) that, although they may be liquid and marketable, must be traded through the marketplace or with the counterparty to the transaction in order to effect a change in beneficial ownership. Securities to be distributed pursuant to the Proposed In-Kind Redemptions will be further limited to securities which are traded on a public securities market or for which quoted bid prices are available. Cash will be paid for that portion of the Portfolio's assets represented by cash equivalents (such as certificates of deposit, commercial paper and repurchase agreements) and other assets which are not readily distributable (including receivables and prepaid expenses), net of all liabilities (including accounts payable). In addition, the Portfolio will distribute cash in lieu of securities held in its portfolio not amounting to round lots (or which would not amount to round lots if included in the Proposed In-Kind Redemptions), fractional shares, and accruals on such securities.

Applicant's Legal Analysis

1. Section 17(a)(2) of the Act prohibits affiliated persons of a registered investment company, acting as principal, to knowingly purchase from such registered investment company any security or other property (except securities of which the seller is the issuer). Section 2(a)(3)(A) of the Act defines "affiliated person" to include

¹ The Trust, on behalf of the Portfolio, has elected to be governed by rule 18f-1 under the Act. This election commits the Portfolio, during any 90-day period for any one shareholder, to redeem its shares solely in cash up to the lesser of \$250,000 or 1% of the Portfolio's net asset value at the beginning of such period.

any person owning 5% or more of the outstanding voting securities of such other person. Each Affiliated Shareholder owns beneficially and of record in excess of 5% of the Portfolio's shares and thus, is an affiliated person of the Portfolio. To the extent that a Proposed In-Kind Redemption would be considered to involve the purchase of portfolio securities (of which the Portfolio is not the issuer) by an Affiliated Shareholder, the Proposed In-Kind Redemption would be prohibited by section 17(a)(2).

2. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policy of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

3. Applicant believes that the terms of each Proposed In-Kind Redemption meet the standards set forth in section 17(b). Because the board is responsible for making the determination and has decided to redeem shares in-kind, an Affiliated Shareholder has no choice as to the type of consideration to be received in connection with its redemption request and neither the Adviser nor the Affiliated Shareholder has any opportunity to select specific portfolio securities to be distributed to an Affiliated Shareholder. Instead, the Proposed In-Kind Redemptions will be effected through a *pro rata* distribution of all portfolio securities held by the Portfolio after excluding certain securities specified below. In addition, the Proposed In-Kind Redemptions are consistent with the investment policies of the Trust and the Portfolio, as set forth in the Portfolio's prospectus, which expressly discloses the Portfolio's ability to redeem shares in-kind. Finally, applicant believes that the Proposed In-Kind Redemptions are consistent with the general purposes of the Act to protect security holders of investment companies from discrimination among holders of securities issued by such companies, and from self-dealing on the part of investment company affiliates to the detriment of other security holders. The Affiliated Shareholders would not receive any advantage not available to any other shareholder requesting a comparable redemption.

Applicant's Conditions

Applicant agrees that any order granting the requested relief will be subject to the following conditions:

1. The portfolio securities of the Portfolio distributed to an Affiliated Shareholder pursuant to a redemption in-kind (the "In-Kind Securities") will be limited to securities that are traded on a public securities market or for which quoted bid prices are available.

2. The In-Kind Securities will be distributed by the Portfolio on a *pro rata* basis after excluding (a) securities which, if distributed, would be required to be registered under the Securities Act of 1933; (b) securities issued by entities in countries which (i) restrict or prohibit the holding of securities by non-nationals other than through qualified investment vehicles, such as the Portfolio, or (ii) permit transfers of ownership of a securities to be effected only by transactions conducted on a local stock exchange; and (c) certain portfolio assets (such as forward foreign currency exchange contracts, futures and options contracts and repurchase agreements) that, although they may be liquid and marketable, must be traded through the marketplace or with the counterparty to the transaction in order to effect a change in beneficial ownership. Cash will be paid for that portion of the Portfolio's assets represented by cash equivalents (such as certificates of deposit, commercial paper, and repurchase agreements) and other assets which are not readily distributable (including receivables and prepaid expenses), net of all liabilities (including accounts payable). In addition, the Portfolio will distribute cash in lieu of securities held in its portfolio not amounting to round lots (or which would not amount to round lots if included in the in-kind distribution), fractional shares, and accruals on such securities.

3. The In-Kind Securities distributed to an Affiliated Shareholder will be valued in the same manner as they would be valued for purposes of computing the Portfolio's net asset value, which, in the case of securities traded on a public securities market for which quotations are available, is their last reported trade price on the exchange on which the securities are principally traded, or, if there is no such reported price, is the last quoted bid price.

4. The Portfolio will maintain and preserve for a period of not less than six years from the end of the fiscal year in which a proposed in-kind redemption occurs, the first two years in an easily accessible place, a written record of such redemption setting forth a description of each security distributed, the terms of the distribution, and the information or materials upon which the valuation was made.

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

Margaret H. McFarland,

Deputy Secretary.

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[Investment Company Act Rel. No. 22139; 812-10208]

The Target Portfolio TrustSM and Prudential Mutual Fund Management, Inc.; Notice of Application

August 13, 1996.

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

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

APPLICANTS: The Target Portfolio TrustSM (the "Trust") and Prudential Mutual Fund Management, Inc. (the "Manager").

RELEVANT ACT SECTIONS: Exemption requested under section 6(c) of the Act from the provisions of section 15(a) of the Act and rule 18f-2 thereunder.

SUMMARY OF APPLICATION: Applicants seek a conditional order permitting the Manager, as investment adviser of the Trust, to enter into sub-advisory contracts on behalf of the Trust without receiving prior shareholder approval.

FILING DATES: The application was filed on June 14, 1996. Applicants agree to file an amendment, the substance of which is incorporated herein, during the notice period.

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 September 9, 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 such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, One Seaport Plaza, New York, New York 10292.

FOR FURTHER INFORMATION CONTACT: Sarah A. Beuscher, Staff Attorney, at (202) 942-0573, or Mercer E. Bullard, Branch Chief, at (202) 942-0546