the Trust Series at net asset value, or if shares of the Funds are traded on an exchange or Nasdaq-NMS, at their market value. In addition, each Trust Series, as a unit investment trust, does not charge a rule 12b–1 fee, and no Trust Series would invest in a Fund with a rule 12b–1 plan unless the Fund limits its rule 12b–1 fee to a maximum annual rate of .25% of the Fund's average daily net assets. Applicants also have agreed as a condition to relief that any sales charge assessed with respect to the Units of a Trust Series, when aggregated with any sales charges and service fees paid by the Trust Series with respect to securities of the underlying Funds, shall not exceed the limits set forth in Rules 2830(d) of the Conduct Rules of the NASD. As a result, the aggregate sales charges will not exceed the limit that otherwise lawfully could be charged at any single level.

6. Administrative fees may be charged at both the Trust Series and underlying Fund levels. However, applicants believe that certain Trust expenses may be reduced under the proposed arrangement. When the Trust Series invest in shares of open-end investment companies, applicants anticipate that the evaluator would charge a lower fee, if any at all. A Trust Series may incur a customary brokerage commission in connection with Fund shares purchased on an exchange or Nasdaq-NMS, but applicants represent that the Sponsor will purchase the Fund shares in the secondary market, thereby avoiding the payment of any underwriting spreads common during an initial offering.

7. Applicants argue that the concerns of large-scale redemptions is not applicable with regard to underlying closed-end Funds because they do not issue redeemable securities. For redeemable securities, section 12(d)(1)(F) provides that an underlying Fund will not be obligated to redeem its securities in an amount exceeding 1% of the issuer's total outstanding securities during any period of less than 30 days, and applicants will comply with this provision. Applicants also believe that the unmanaged nature of the Trust limits large scale redemptions because each Trust Series is limited as to when it may sell portfolio securities.

8. Applicants believe that the concern of pyramiding of voting control by a Trust Series over the underlying Funds does not arise in its proposal because section 12(d)(1)(F) requires the Trust Series to exercise the voting rights with respect to any securities acquired in the manner prescribed by section 12(d)(1)(E). Section 12(d)(1)(E) requires the acquiring investment company either to seek instructions from its security holders with regard to the voting of all proxies with respect to such security and to vote such proxies only in accordance with such instructions, or to vote the shares held by it in the same proportion as the vote of all other holders of the security.

9. Applicants believe that the concern about undue complexity in its arrangement is addressed by its condition that each Trust Series will not invest in an underlying Fund that, at the time of acquisition, owns securities of any other investment company in excess of the limits in section 12(d)(1)(A). If subsequent to a Trust Series' acquisition of Fund shares, the Fund acquires securities of other investment companies in excess of section 12(d)(1)'s limits, the Trust Series will not be required to divest itself of its holdings. Applicants argue that because the underlying Funds are not affiliated with the Trust, a Trust Series cannot bind or control the Funds.

10. Applicants also believe that the proposed trust of funds structure will be adequately disclosed and explained to investors in each Series' prospectus. Applicants represent that they will disclose all loads, fees, expenses, and charges incurred with an investment in the respective Trust Series in the prospectus. The prospectus also will include disclosure that investors will pay indirectly a portion of the expenses of the underlying Funds. In addition, each Series will include the table required by item 2 of Form N–1A (modified as appropriate to reflect the differences between unit investment trusts and open-end investment companies) to set forth the Series' operating expenses and Unitholders' transaction costs.

11. Applicants believe that it is appropriate to apply the NASD's rules to the proposed arrangement instead of the sales load limitation in section 12(d)(1)(F)(ii). Applicants argue that the NASD's specific sales charge rules, which were recently amended to limit asset-based sales charges and service fees, more accurately reflect the current methods used by funds to finance sales expenses, while section 12(d)(1)(F), adopted more than 25 years ago, does not reflect the changes in the industry's pricing practices.

12. Applicants believe that, given the number and variety of funds now available for investment, a Trust Series provides a simple means through which investors can obtain a professionally selected and maintained mix of investment company shares for a relatively small initial investment. Applicants also believe that the Trust Series provides investors an opportunity to participate in a diversified portfolio of investment company shares in one package and at one sales load.

Applicants' Conditions

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

1. Each Trust Series will comply with section 12(d)(1)(F) in all respects except for the sales load limitation of section 12(d)(1)(F)(ii).

2. Any sales charges or service fees charged with respect to Units of a Trust Series, when aggregated with any sales charges or service fees paid by the Trust Series with respect to securities of the underlying Funds, shall not exceed the limits set forth in Rule 2830(d) of the NASD's Conduct Rules.

3. No Trust Series will acquire securities of an underlying Fund which, at the time of acquisition, owns securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–27433 Filed 10–24–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–22292; 811–2712]

John Hancock Tax-Exempt Income Fund; Notice of Application

October 21, 1996.

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

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

APPLICANT: John Hancock Tax-Exempt Income Fund.

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 July 9, 1996 and amended on October 1, 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 November 15, 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, 101 Huntington Avenue, Boston, MA 02199–7603.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0584, 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 Massachusetts business trust. On December 1, 1976, applicant registered under section 8(a) of the Act 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 January 28, 1977 and applicant commenced its public offering of shares soon thereafter

2. At a meeting held on December 11, 1995, applicant's Board of Trustees (the ''Board'') approved unanimously the agreement and plan of reorganization (the ''Agreement'') (the transactions contemplated by the Agreement are referred to as the ''Reorganization'') and recommended that applicant's shareholders approve the Agreement. The Agreement provided that applicant would transfer all of its assets and liabilities to John Hancock Tax-Free Bond Fund (''Tax-Free Bond Fund'') in exchange for shares of beneficial interest of the Tax-Free Bond Fund with an aggregate net asset value equal to the net asset value of applicant's assets transferred pursuant to the Reorganization. The Board considered the following reasons, among others, in determining that the Reorganization would benefit applicant and its shareholders: that both funds' investment objectives and policies are substantially similar and that simultaneous offerings of both impedes both funds' growth; and that the larger asset base may give opportunities for economies of scale.

3. Applicant and the Tax-Free Bond Fund may be deemed to be affiliated persons of each other solely by reason of having a common investment adviser, common directors and/or common officers. In order to comply with rule 17a–8, which governs mergers of certain affiliated investment companies, the Board determined that the reorganization was in the best interests of applicant and applicant's shareholders.[1] In compliance with rule 17a–8, the Board found that (1) participation in the Reorganization was in the best interests of applicant and that (2) the interests of the existing shareholders of applicant would not be diluted.

4. A proxy statement was filed with the Commission and mailed to shareholders in connection with the solicitation by the Board of proxies for the purpose of voting on the Reorganization. At a meeting held on May 2, 1996, the shareholders approved the agreement and the transactions contemplated thereby.

5. On May 3, 1996, applicant transferred all of its assets and liabilities to Tax-Free Bond Fund in exchange for shares of beneficial interest of Tax-Free Bond Fund with an aggregate net asset value equal to the net asset value of the assets transferred by applicant. Immediately thereafter, applicant distributed to its shareholders the shares of Tax-Free Bond Fund received. Upon completion of the Reorganization, each shareholder of applicant owned shares of Tax-Free Bond with the same aggregate net asset value as the shares of applicant owned by the shareholder immediately prior to the Reorganization.

6. Applicant and Tax-Free Bond Fund each assumed its own expenses in connection with the Reorganization. Legal, accounting and other expenses in the approximate amount of $82,500 relating to the Reorganization were borne by applicant. Reorganization expenses (legal, printing and mailing and registration fees) of $39,000 were incurred by Tax-Free Bond Fund.

7. Applicant has no assets, liabilities, outstanding debts or shareholders as of the time of filing the application, and is not a party to any litigation or administrative proceeding application. 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.

8. Applicant was terminated as a Massachusetts business trust on May 3, 1996 pursuant to the termination of trust filed with the Secretary of State of the Commonwealth of Massachusetts.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–27437 Filed 10–24–96; 8:45 am]

BILLING CODE 8010–01–M

[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.

[Release No. 35–26594]

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

October 18, 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 November 12, 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.

EUA Energy Investment Corporation (70–8617)

EUA Energy Investment Corporation (''EEIC''), P.O. Box 2333, Boston, Massachusetts 02107, a wholly-owned nonutility subsidiary of Eastern Utilities Associates, a registered holding company, has filed a post-effective amendment, under sections 9(a) and 10 of the Act and rule 54 thereunder, to its application-declaration, under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and