

section 30 and rules 30a-1, 30b1-1, and 30-d to the extent necessary to permit CSC to file consolidated reports to the SEC and CSC's shareholders as provided in condition number four below.

E. Standards for Relief

1. Section 6(c) of the Act 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 policy of the Act. Applicants state that the operation of CSC as a BDC with a wholly-owned SBIC subsidiary is intended to permit CSC to expand the scope of its operations beyond that which would be permitted to it as an SBIC. Applicants further state that the requested exemptions would permit CSC and CSVC to operate effectively as one company even though they will be divided into two legal entities. Accordingly, applicants believe that the requested relief meets the section 6(c) standards.

2. Section 17(b) of the Act permits the SEC to exempt a proposed transaction from section 17(a) if evidence establishes that (a) the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act. Section 57(c) permits the SEC to exempt a proposed transaction from sections 57(a)(1), (2), and (3) using substantially the same standard imposed by section 17(b). Applicants believe that the requested relief from sections 17(a) and 57(a) meets these standards.

3. In passing upon applications filed pursuant to rule 17d-1, the SEC considers whether the participation of the registered investment company in a joint enterprise or arrangement is consistent with the provisions, policies and purposes of the Act and the extent to which such participation is on a basis different from or less advantageous than that of other participants. Applicants believe that the requested authorization under sections 57(a)(4) and rule 17d-1 is appropriate.

Applicants' Conditions

Applicants agree that the order granting the requested relief will be conditioned upon the following:

1. CSC will at all times own and hold, beneficially and of record, all of the outstanding capital stock of CSVC.

2. CSVC will have fundamental investment policies not inconsistent with those of CSC as set forth in CSC's registration statement; CSVC will not engage in any action described in section 13(a) of the Act, unless such action shall have been authorized by CSC after approval of such action by a vote of a majority (as defined in the Act) of the outstanding voting securities of CSC.

3. No person shall serve or act as investment adviser to CSVC unless the directors and shareholders of CSC shall have taken the action with respect thereto also required to be taken by the directors and sole shareholder of CSVC.

4. CSC shall (a) file with the SEC, on behalf of itself and CSVC, all information and reports required to be filed with the SEC under the Securities Exchange Act of 1934 and other applicable federal securities laws, including information and financial statements prepared solely on a consolidated basis as to CSC and CSVC, such reports to be in satisfaction of any separate reporting obligations of CSVC, and (b) provide to its shareholders such information and reports required to be disseminated to CSC's shareholders, including information and financial statements prepared solely on a consolidated basis as to CSC and CSVC, such reports to be in satisfaction of any separate reporting obligations of CSVC. Notwithstanding anything in this condition, CSC will not be relieved of any of its reporting obligations, including, but not limited to, any consolidating statement setting forth the individual statements of CSVC required by rule 6-03(c) of Regulation S-X.

5. CSC and CSVC may file on a consolidated basis pursuant to condition (4) above only so long as the amount of CSC's total consolidated assets invested in assets other than (a) securities issued by CSVC or (b) securities similar to those in which CSVC invests, does not exceed 10%.

6. No person shall serve as a director of CSVC unless elected as a director of CSC at its most recent annual meeting, as contemplated by section 16(a) of the Act. Vacancies on CSC's board of directors will be filled in the manner provided for in section 16(a). Notwithstanding the foregoing, the board of directors of CSVC will be elected by CSC as the sole shareholder of CSVC, and such board will be composed of the same persons that serve as directors of CSC.

7. CSC will not itself issue, and CSC will not cause or permit CSVC to issue,

any senior security or sell any senior security of which CSC or CSVC is the issuer, unless immediately after the issuance or sale of any such senior securities, CSC and CSVC on a consolidated basis, and CSC individually, shall have the asset coverage that would be required by section 18(a) if CSC and CSVC had each elected to become a BDC pursuant to section 54 of the Act (except that, in determining whether CSC and CSVC, on a consolidated basis, have the asset coverage required by section 18(a), any borrowings by CSVC pursuant to section 18(k) of the Act shall not be considered senior securities and, for purposes of the definition of asset coverage in section 18(h), shall not be treated as indebtedness not represented by senior securities).

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

Margaret H. McFarland,

Deputy Secretary.

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[Investment Company Act Release No. 22532; 811-5855]

Conestoga Family of Funds; Notice of Application

February 27, 1997.

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

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

APPLICANT: Conestoga Family of Funds.

RELEVANT ACT SECTION: Section 8(f).

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

FILING DATE: The application was filed on November 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 March 24, 1997, 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 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 680 East Swedesford Road, Wayne, Pennsylvania 19087-1658.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942-0584, or Mary Kay Frech, 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 Massachusetts business trust. Applicant's Pennsylvania Tax-Free Bond Fund is a non-diversified investment company, and all other funds of applicant are diversified investment companies. On August 9, 1989, 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, covering an indefinite number of shares of common stock. The registration statement was declared effective on November 20, 1989, and the initial public offering of applicant's funds commenced thereafter.

2. On December 21, 1995, applicant's board of trustees considered and approved an Agreement and Plan of Reorganization (the "Reorganization Agreement") between applicant and CoreFunds, Inc. ("CoreFunds"). Pursuant to the Reorganization Agreement, the holders of each class of shares of applicant's Cash Management Fund, Tax-Free Fund, U.S. Treasury Securities Funds, Equity Fund, Intermediate Income Fund, Pennsylvania Tax-Free Bond Fund, Balanced Fund, and International Equity Fund (collectively, the "Reorganizing Portfolios") would receive the class of shares of the corresponding existing portfolios of CoreFunds (the "CoreFunds Portfolios"). Also pursuant to the Reorganization Agreement, the holders of each class of shares of applicant's Special Equity Fund, Bond Fund, and Short-Term Income Fund (collectively, the "Continuing Portfolios") would receive the class of shares of the corresponding new portfolios of CoreFunds (the "New CoreFunds Portfolios").

3. In approving the Reorganization Agreement, the trustees identified certain potential benefits likely to result

from the reorganization, including, (a) a broader array of investment opportunities available to shareholders, (b) existing purchase and redemption features will remain in place, and (c) the potential for economies of scale in portfolio management resulting from the larger asset size.

4. On February 15, 1996, proxy materials soliciting shareholder approval of the reorganization were sent to applicant's shareholders. The Reorganization Agreement was approved by applicant's shareholders at a special meeting held on March 22, 1996.

5. On April 15, 1996: (1) all of the assets of Conestoga Cash Management Fund were transferred to CoreFunds Cash Reserve in exchange for shares of CoreFunds Cash Reserve based on net asset value; (2) all of the assets of Conestoga Tax-Free Fund were transferred to CoreFunds Tax-Free Reserve in exchange for shares of CoreFunds Tax-Free Reserve based on net asset value; (3) all of the assets of Conestoga U.S. Treasury Securities Fund were transferred to CoreFunds Treasury Reserve in exchange for shares of CoreFunds Treasury Reserve based on net asset value; (4) all of the assets of Conestoga Equity Fund were transferred to CoreFunds Value Equity Fund based on net asset value; (5) all of the assets of Conestoga Intermediate Income Fund were transferred to CoreFunds Intermediate Bond Fund in exchange for shares of CoreFunds Intermediate Bond Fund based on net asset value; (6) all of the assets of Conestoga Pennsylvania Tax-Free Bond Fund were transferred to CoreFunds Pennsylvania Municipal Bond Fund in exchange for shares of CoreFunds Pennsylvania Municipal Bond Fund based on net asset value; (7) all of the assets of Conestoga Balanced Fund were transferred to CoreFunds Balanced Fund in exchange for shares of CoreFunds Balanced Fund based on net asset value; and (8) all of the assets of Conestoga International Equity Fund were transferred to CoreFunds International Growth Fund in exchange for shares of CoreFunds International Growth Fund based on net asset value. The aggregate net asset value of the shares of the corresponding existing CoreFunds Portfolios received by each Reorganizing Portfolio was equal to the aggregate net asset value of each such Reorganizing Portfolio. Thereafter, applicant's Reorganizing Portfolios made liquidating distributions to their shareholders so that a holder of a class of shares in a Reorganizing Portfolio received a class of shares of the corresponding existing CoreFunds Portfolio with the same aggregate net

asset value as the shareholder had in the Reorganizing Portfolio immediately before the transaction.

6. On April 22, 1996, all of the assets of the Continuing Portfolios were transferred to corresponding New CoreFunds Portfolios in exchange for shares of the New CoreFunds Portfolios. The New CoreFunds Portfolios had only nominal assets and liabilities immediately prior to the transaction, and the number of shares of each class of shares of the New CoreFunds Portfolios issued in the transaction equalled the number of shares of each corresponding class of shares of the Continuing Portfolios that were issued and outstanding immediately prior to the transaction. Applicant thereafter made a liquidating distribution to shareholders of the Continuing Portfolios of a like number of full and fractional shares of the New CoreFunds Portfolios.

7. In connection with the reorganization, certain expenses were incurred and consisted primarily of professional fees, printing expenses, expenses associated with the special meeting of shareholders, and expenses associated with the winding up of applicant's affairs. The Reorganization Agreement provides that these expenses will be borne by Meridian Bancorp, Inc. and/or CoreStates Financial Corp., the bank holding companies that control the investment advisers.

8. Applicant has retained no assets. Applicant has no outstanding debts or liabilities. As of the date of the application, applicant has no security holders.

9. Applicant is not a party to any litigation or administrative proceeding. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

10. Applicant intends to file the necessary documentation with the Commonwealth of Massachusetts to effect its dissolution as a Massachusetts business trust.

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

Margaret H. McFarland,

Deputy Secretary.

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