

Notes and Bonds; (vii) for the declarants' respective working capital requirements; and (viii) for other general corporate purposes.

GPU, Inc. (70-8983)

GPU, Inc., ("GPU") 100 Interspace Parkway, Parsippany, New Jersey 07054, a registered holding company, has filed a declaration under sections 6(a), 7, and 12(e) of the Act, and rules 54 and 62 thereunder.

GPU proposes to issue up to an additional 200,000 shares of its common stock ("Common Stock"), under a new deferred unit stock plan ("New Plan") for payment of a portion of outside directors' compensation.

GPU currently has in effect a retirement plan for outside directors which provides that each outside director who completes 54 months of service prior to retirement is entitled to receive one-twelfth of the sum of the director's annual retainer and the cash value of the last award under GPU's restricted stock plan for outside directors ("1989 Plan").³ Benefits are payable commencing at the later of age 60 or retirement over a period equal to the number of months of service.

GPU desires to align the interests of its directors more closely with those of its stock holders by paying a greater portion of the outside directors' compensation in the form of Common Stock. Accordingly, GPU proposes to cease further accrual of service under the 1989 Plan and provide for the issuance of Common Stock to outside directors under the New Plan.

GPU requests authorization to issue up to an additional 200,000 shares of Common Stock under the New Plan from time to time through December 31, 2007.⁴ Under the New Plan, each outside director would receive an annual grant of units (one unit represents a share of Common Stock) based on a multiple (initially anticipated to be 1.5, but which may be changed from time to time) of the amount of annual cash retainer paid to each outside director. This amount will be set by the board of directors, and may be increased or decreased by board resolution. The number of units granted each year will thus vary based on (i) the

price of the Common Stock, (ii) the amount of the annual cash retainer and (iii) the multiplier used. Units would vest upon the outside director's retirement from the board, provided the outside director has completed at least 54 months of service as an outside director, or death. Units which have not vested at the time of an outside director's retirement would be forfeited.

GPU intends to request that its stockholders approve the New Plan at the 1997 annual meeting, and accordingly requests authorization to solicit proxies from its shareholders at this meeting. The related proxy materials are expected to be mailed before March 31, 1997. Subject to shareholder approval, the New Plan would be effective as of July 1, 1997.

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 Rel. No. 22488; 812-10504]

Nationwide Financial Services, Inc., et al.; Notice of Application

February 3, 1997.

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

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

APPLICANTS: Nationwide Financial Services, Inc. (the "Company"), Nationwide Life Insurance Company ("NLIC"), and Nationwide Life and Annuity Insurance Company (collectively with NLIC, "Nationwide Life").

RELEVANT ACT SECTIONS: Exemption requested under sections 6(c) and 17(b) of the Act from section 17(a).

SUMMARY OF APPLICATION: Applicants seek an order that would permit the Company to sell securities of which it is the issuer to registered investment companies that are affiliated persons of certain registered investment companies funded by the separate accounts of Nationwide Life.

FILING DATES: The application was filed on January 17, 1997, and amended on January 31, 1997.

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 February 24, 1997, 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 such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, One Nationwide Plaza, Columbus, Ohio 43215.

FOR FURTHER INFORMATION CONTACT: Courtney S. Thornton, Senior Counsel, at (202) 942-0583, or Mercer E. Bullard, 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. The Company is an entity that recently has been formed to hold all the outstanding shares of Nationwide Life, an Ohio domiciled life insurance company, and other companies within the Nationwide Insurance Enterprise, a group of insurance and financial services organizations that includes Nationwide Corporation ("Nationwide Corp."). Nationwide Corp. will own all the Class B shares of the Company and, as a result, will have voting control of the Company.

2. Nationwide Life, a provider of long-term savings and retirement products to domestic retail and institutional customers, offers several variable annuity and variable life insurance products. Certain of these products permit a customer to choose among multiple investment options, including shares of registered open-end management investment companies (the "Variable Product Funds").¹ At present, the Variable Product Funds include funds managed by investment advisers such as Mellon Equity Associates, Strong Capital Management, Inc., Fidelity Management & Research Company, Neuberger & Berman

³ By order dated March 30, 1989 (HCAR No. 24851), the Commission authorized GPU to issue up to 20,000 shares of Common Stock under this plan. Under the 1989 Plan, which was approved by GPU's shareholders, each outside director receives a portion of his or her annual compensation in the form of 300 shares of Common Stock.

⁴ This authorization would be in addition to the current authorization to issue up to 20,000 shares, and the New Plan would not alter the automatic award of 300 shares annually to outside directors under the 1989 Plan.

¹ Other investment options include series of registered investment companies managed, advised, or sponsored by applicants. These investment companies are not included in the definition of Variable Product Fund and are not covered by this application.

Management Incorporated, Oppenheimer Management Corporation, Van Eck Associates Corporation, Van Kampen American Capital Asset Management, Inc., and Warburg Pincus Counsellors, Inc., each of whom is independent of applicants (the "Independent Advisers"). The Independent Advisers also serve as advisers or subadvisers to many other registered investment companies, most of which are offered to the general public (the "Retail Funds").

3. The variable annuity and variable life insurance products are funded by the separate accounts of Nationwide Life (the "Separate Accounts"), each of which has been established as a unit investment trust registered under the Act. Under Ohio law, Nationwide Life is the owner of all assets held in the Separate Accounts, although the income, gains, and losses on assets in the Separate Accounts are allocated to the Accounts for the benefits of the related variable contracts. Each Separate Account is divided into multiple subaccounts, and the assets of each subaccount are invested in shares of a specific Variable Product Fund. Although the Variable Product Funds initially are selected by Nationwide Life (which may add or remove Funds from time to time), investments in those Funds are determined by Nationwide Life policyholders, who select the subaccounts and thereby the Variable Product Funds in which to invest.

4. In order to allow Nationwide Life's variable policies to be treated as insurance products for tax purposes, the Variable Product Funds are held solely by the Separate Accounts or by the separate accounts of other insurance companies.² Although the Variable Product Funds are available to other insurance companies, the number of potential participating companies is limited. Thus, in many cases, the Separate Accounts own, in the aggregate, more than 25% of the voting securities of a Variable Product Fund (a "Controlled Variable Product Fund"). In other cases, the Separate Accounts hold less than 5% of the voting securities of a Variable Product Fund (a "Remote Variable Product Fund"). Neither the Retail Funds nor the Remote Variable Product Funds are affiliated persons or affiliated persons of affiliated persons of

the Company except to the extent they share a common investment adviser with the Controlled Variable Product Funds.

5. The Company proposes to make a number of securities offerings within the next year and from time to time thereafter (the "Offerings"). The Offerings will include Class A shares of the Company's common stock, 30 year senior notes, and capital securities of a trust established by the Company (collectively, the "Securities"). All Offerings will have certain characteristics in common: (a) The Securities will be sold to registered investment companies as part of the offering to the public; (b) the Securities will be registered under the Securities Act of 1933 (the "Securities Act"); (c) all sales will be underwritten on a firm commitment basis by members of the National Association of Securities Dealers ("NASD"); (d) there will be no special arrangement to induce fund managers to deviate from normal fund investment policies, as stated in its prospectus; and (e) registered investment companies will invest in the Offerings on the same terms as all other public investors.

Applicants' Legal Analysis

1. Applicants request an order to permit the sale by the Company of Securities to the Retail Funds and the Remote Variable Product Funds in one or more Offerings at various times in the future. Section 17(a)(1) of the Act prohibits an affiliated person of an investment company, or an affiliated person of an affiliated person, acting as principal, from selling any security or property to such company. Applicants believe that the Company may be deemed to be an affiliated person of affiliated persons of the Retail Funds and the Controlled Variable Product Funds.

2. Section 2(a)(3) of the Act defines an affiliated person of another person to include the investment adviser or depositor of an investment company and any person directly or indirectly controlling, controlled by, or under common control with such other person. Section 2(a)(9) defines control as the power to exercise a controlling influence over the management or policies of a company. Thus, an investment company may be considered to be controlled by its investment adviser. Section 2(a)(9) further provides that a person owning beneficially, directly or indirectly through controlled subsidiaries, more than 25% of the voting securities of a company is presumed to control such company.

3. The Company controls Nationwide Life, a wholly-owned subsidiary of the Company. Because a life insurance company owns the assets of its separate accounts under Ohio insurance law, both the Company and Nationwide Life are presumed to control (and thus be affiliated persons of) any Variable Product Fund of which Nationwide Life owns more than 25% of the voting securities (i.e., the Controlled Variable Product Funds). The Retail Funds and the Remote Variable Product Funds may be deemed to be affiliated persons of the Controlled Variable Product Funds because they are under the common control of common investment advisers. As an affiliated person of the Controlled Variable Product Funds, and therefore an affiliated person of affiliated persons of the Retail Funds and the Remote Variable Product Funds, the Company would be prohibited by section 17(a)(1) from selling Securities to the Retail Funds and the Remote Variable Product Funds absent an exemption.

4. Section 17(b) of the Act provides that the SEC may exempt a transaction from the prohibitions of section 17(a) if 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, and the proposed transaction is consistent with both the policy of each registered investment company concerned and the general purpose of the Act. Applicants submit that the proposed sales of Securities to the Retail Funds and the Remote Variable Product Funds meet the requirements for an exemption under section 17(b). Applicants state that the Retail Funds and the Remote Variable Product Funds will purchase the Securities on the same basis as all other public investors and at the public offering price stated in the prospectus. This price will be determined by negotiations between the Company and the underwriters of the Offerings, who will be subject to the NASD Rules of Fair Practice. Applicants therefore do not believe that the proposed transactions will involve any overreaching on the part of the Company or any of its affiliated persons. In addition, the Independent Advisers will decide whether to purchase the Securities for the Retail Funds and the Remote Variable Product Funds, and applicants will have no influence or control over such decisions. Accordingly, applicants assert that the proposed transactions are consistent with the general purposes of the Act.

5. Section 6(c) of the Act provides that the SEC may conditionally or unconditionally exempt any person,

²To be treated as insurance products for tax purposes, the Separate Accounts must be adequately diversified in accordance with section 817(h) of the Internal Revenue Code of 1986. An investment in a registered investment company will satisfy this requirement only if shares of the fund are not available to the general public, but may be acquired only through the ownership of an insurance policy or an interest in a pension plan contract.

security, or transaction, or any class or classes of persons, securities, or transactions, from any provisions of the act, if and 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 Act.³ Applicants believe that the proposed transactions are necessary or appropriate in the public interest because they allow the Retail Funds and the Remote Variable Product Funds and their shareholders the opportunity to participate in investment opportunities that meet the Funds' investment objectives and avoid a reduction in or possible loss of investment opportunities. Applicants also assert that the types of abuses the Act was intended to prevent are unlikely to occur in the proposed transactions for the reasons discussed above. Accordingly, applicants submit that the proposed transactions meet the requirements for an exemption under section 6(c).

Applicants' Conditions

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

1. The Retail Funds and the Remote Variable Product Funds will purchase Securities of the Company in an Offering only if such Securities are part of an issue registered under the Securities Act that is being offered to the public. All such purchases will be effected at the public offering price stated in the prospectus and in the same manner as sales to the general public.

2. All Offerings will be underwritten on a firm commitment basis by members of the NASD.

3. No registered investment company that is an affiliated person or an affiliated person of an affiliated person of the Company, other than by reason of sharing a common investment adviser with a Controlled Variable Product Fund, will be permitted to purchase Securities in an Offering, including Securities issued pursuant to the underwriters' over-allotment option.

4. Applicants will not offer any incentives to the investment advisers of the Retail Funds or the Remote Variable Product Funds to purchase Securities of the Company, and will take no action to induce fund managers to deviate from the Funds' stated investment policies.

³ Applicants seek relief under section 6(c) as well as section 17(b) because section 17(b) could be interpreted as giving the SEC power to exempt only a single transaction from section 17(a), as opposed to a class of transactions. See *Keystone Custodian Funds, Inc.*, 21 S.E.C. 295 (1945).

5. No investment adviser to a Retail Fund or a Remote Variable Product Fund will be an affiliated person of applicants other than by reason of being an investment adviser to a Variable Product Fund.

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

Deputy Secretary.

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[Release 34-38224; File No. 600-24]

Self-Regulatory Organizations; Delta Clearing Corp.; Notice of Filing and Order Approving Application for Extension of Temporary Registration as a Clearing Agency

January 31, 1997.

On January 17, 1997, Delta Clearing Corp. ("DCC")¹ filed with the Securities and Exchange Commission ("Commission") a request pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")² for extension of its registration as a clearing agency under Section 17A of the Act³ for a period of six months or for such longer period as the Commission deems appropriate.⁴ The Commission is publishing the notice and order to solicit comments from interested persons and to grant DCC's request for an extension of its temporary registration as a clearing agency through July 31, 1997.

On January 12, 1990, the Commission granted DCC's application for registration as a clearing agency pursuant to Sections 17A(b)(2) and 19(a) of the Act⁵ on a temporary basis for a period of thirty-six months.⁶ Since that time, the Commission has extended DCC's temporary registration as a clearing agency through January 31, 1997.⁷ DCC now requests that the Commission grant an extension of its original order granting DCC temporary registration as a clearing agency subject to the same terms and conditions for a period of six months or for such longer

¹ Formerly Delta Government Options Corp.

² 15 U.S.C. 78s(a).

³ 15 U.S.C. 78q-1.

⁴ Letter from Robert C. Mendelson, Esq., Morgan, Lewis and Bockius, to Jerry W. Carpenter, Assistant Director, Division of Market Regulations, Commission (January 16, 1997).

⁵ 15 U.S.C. 78q-1(b)(2) and 78s(a).

⁶ Securities Exchange Act Release No. 27611 (January 12, 1990), 55 FR 1890.

⁷ Securities Exchange Act Release Nos. 31856 (February 11, 1993), 58 FR 9005 (extension until January 12, 1995) and 35198 (January 6, 1995), 60 FR 3286 (extension until January 31, 1997).

period as the Commission deems appropriate.

As discussed in detail in the order granting DCC's initial temporary registration as a clearing agency,⁸ one of the primary reasons for DCC's registration is to enable it to provide for the safe and efficient clearance and settlement of transactions involving the over-the-counter trading of options on U.S. Treasury securities. Since the time, the Commission has approved DCC's request to begin clearance and settlement of repurchase agreement transactions involving U.S. Treasury securities as the underlying instrument.⁹ Currently, repurchase agreement transactions constitute the majority of the transactions cleared by DCC.

In light of DCC's past performance, the Commission believes that DCC has the capacity to comply with the statutory obligations set forth under Section 17A(b)(3) of the Act,¹⁰ which sets forth the prerequisites for registration as a clearing agency. However, the Commission believes that DCC should continue to be registered on a temporary basis. Currently, DCC has an exemption from the fair representation requirements of Section 17A(b)(3)(C) of the Act.¹¹ The Commission believes that this should be resolved prior to DCC's registration becoming permanent. Further, DCC has only recently begun providing clearance services for repurchase agreement transactions, which constitutes the vast majority of its operations.¹² The Commission would like the opportunity of observing DCC's performance in this area prior to a grant of permanent registration as a clearing agency. Comments received during DCC's temporary registration will be considered in determining whether DCC should receive permanent registration as a clearing agency under Section 17A(b) of the Act.¹³

Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the

⁸ Supra note 6.

⁹ Securities Exchange Act Release No. 36367 (October 13, 1995), 60 FR 54095.

¹⁰ 15 U.S.C. 78q-1(b)(3).

¹¹ 15 U.S.C. 78q-1(b)(3)(C).

¹² DCC also has recently or is in the process of making several major changes to its operational structure. For example, DCC was recently sold by its original owner, Cawsl Corp., to three purchasers led by Intercapital Group Ltd. In addition, DCC is in the process of selecting a new facilities manager and in automating several of its processes.

¹³ 15 U.S.C. 78q-1(b).