

be severed and considered in a separate phase of this docket.

It is ordered:

1. The Nashua Photo Inc. and Mystic Color Lab Motion to Enlarge Scope of Proceeding for Consideration of Classification Modification with Respect to Business Reply Mail, filed July 15, 1996, is granted.

2. The Secretary shall cause a notice of this determination to be published in the Federal Register.

Issued by the Commission on August 8, 1996.

Margaret P. Crenshaw,
Secretary.

[FR Doc. 96-20782 Filed 8-14-96; 8:45 am]

BILLING CODE 7710-FW-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22129; 812-7754]

Accessor Funds, Inc., et al.; Notice of Application

August 9, 1996.

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

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

APPLICANTS: Accessor Funds, Inc. ("Fund"), Bennington Capital Management L.P. ("Adviser"), and each open-end management investment company in the future advised by the Adviser.

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 request an order to permit the Fund and the Adviser to enter into and amend contracts with the Fund's subadvisers without prior shareholder approval.

FILING DATES: The application was filed on July 16, 1991, and amended on June 19, 1996, and August 6, 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 3, 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 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Fund and Adviser, 1420 Fifth Avenue, Suite 3130, Seattle, Washington 98101.

FOR FURTHER INFORMATION CONTACT: Mercer E. Bullard, Branch Chief, (202) 942-0564, or Elizabeth G. Osterman, Assistant Director, (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.

Applicants' Representations

1. The Fund, a Maryland corporation that has eight series ("Portfolios"), is registered under the Act as an open-end management investment company. Each Portfolio, except for the U.S. Government Money Portfolio, employs one subadviser ("Money Manager") to manage all or part of the Portfolio's assets. The U.S. Government Money Portfolio is managed by the Adviser. The Adviser, in the future, may manage other Portfolios. Although no Portfolio currently has more than one Money Manager, the Fund is structured so that each Portfolio could have more than one.

2. The Adviser is registered as an investment adviser under the Investment Advisers Act of 1940 and as a transfer agent under the Securities Exchange Act of 1934. The Adviser manages the Portfolios under a management agreement ("Management Agreement") with the Fund. Under the Management Agreement, the Adviser acts as manager and administrator of the Fund, and provides or oversees the providing of all general management, administration, investment advisory and portfolio management services for the Fund. The Adviser also is responsible for supervising Money Managers, subject to oversight by the Fund's board of directors, and recommending Money Managers for board approval. The Adviser is paid a fee by each Portfolio, based on a percentage of the Portfolio's average daily net assets, for acting as manager and administrator to the Fund.

3. Each Money Manager has discretionary authority to invest that portion of a Portfolio's assets assigned to it, and its responsibilities are limited to this role. Each Money Manager receives

an advisory fee that is paid by the Portfolio and based on the assets of the Portfolio.

4. Pursuant to a proxy solicitation made August 15, 1995, the Fund's shareholders approved a proposal, conditioned on the receipt of the requested order, to allow the Fund and the Adviser to enter into advisory agreements with Money Managers ("Money Manager Agreements") without shareholder approval.

5. Applicants request an exemption from section 15(a) of the Act and rule 18f-2 thereunder to permit the Fund and the Adviser to enter into and amend Money Manager Agreements without prior shareholder approval. Such relief would include any Money Manager Agreement that terminates as a result of an "assignment," as defined in section 2(a)(4) of the Act.

Applicants' Legal Analysis

1. Section 15(a) of the Act makes it unlawful for any person to act as investment adviser to a registered investment company except pursuant to a written contract that has been approved by a majority of the company's outstanding voting securities. Rule 18f-2 under the Act provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

2. Applicants believe that a change in a Money Manager or Money Manager Agreement is not an event that significantly alters the nature of the shareholder's investment and thus does not implicate the policy concerns requiring shareholder approval. Applicants assert that the Fund's use of the manager of managers structure will be a principal reason that shareholders invest in the Fund. Shareholders rely primarily on the Adviser to manage the Fund, including changing Money Managers when appropriate. Shareholders will receive an information statement about changes in Money Managers or Money Manager Agreements that provides the information that would be included in a proxy solicitation.

3. Applicants contend that requiring shareholder approval of Money Managers and Money Manager Agreements would cause unnecessary expense to the Portfolios and harmful delays in executing changes in Money Managers or the Agreements. Changes to Money Manager Agreements have required at least four special shareholder meetings since 1992. Applicants expect the direct expenses of convening a special meeting to be at least \$8 to \$20 per shareholder account.

Applicants contend that, because the Fund is not required under state law to hold annual shareholder meetings, these expenses need not be incurred unless a shareholder meeting is specifically required.

4. Applicants assert that shareholders have determined, by approving the Management Agreement, to rely on the Adviser's ability to recommend and monitor Money Managers. Thus, shareholders understand and expect the Adviser to be primarily responsible for changing Money Managers or Money Manager Agreements.

5. Applicants argue that it is not necessary to require shareholder approval to implement the applicable shareholder protections of the Act because changes in Money Managers or Money Manager Agreements that are not approved by shareholders will be negotiated at arms-length with unaffiliated Money Managers.

6. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act if and to the extent that 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. Applicants believe that the requested order is 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.

Applicant's Conditions

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

1. Before a Portfolio may rely on the order requested in the application, the operation of the Portfolio in the manner described in the application will be approved by a majority of the outstanding voting securities, as defined in the Act, of the Portfolio or, in the case of a new Portfolio whose public shareholders purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the sole initial shareholder(s) before offering shares of such Portfolio to the public.

2. Any Portfolio relying on the requested relief will disclose in this prospectus the existence, substance, and effect of any order granted pursuant to the application.

3. The Adviser will provide management and administrative services to the Fund and, subject to the review and approval of the Fund's Board, will: set the Portfolios' overall investment strategies; select Money Managers; allocate and, when

appropriate, reallocate each Portfolio's assets among Money Managers; monitor and evaluate Money Manager performance; and oversee Money Manager compliance with the Portfolio's investment objectives, policies, and restrictions.

4. A majority of the Fund's board will be persons who are not "interested persons" of the Fund (as defined in section 2(a)(19) of the Act) ("Independent Directors"), and the nomination of new or additional Independent Directors will be placed within the discretion of the then existing Independent Directors.

5. The Fund will not enter into a Money Manager Agreement with any Money Manager that is an "affiliated person" of the Fund or the Adviser (as defined in section 2(a)(3) of the Act) ("Affiliated Money Manager") other than by reason of serving as Money Manager to one or more Portfolios without such Agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Portfolio.

6. When a Money Manager change is proposed for a Portfolio with an Affiliated Money Manager, the Fund's directors, including a majority of the Independent Directors, will make a separate finding, reflected in the Fund's board minutes, that such change is in the best interests of the Portfolio and its shareholders and does not involve a conflict of interest from which the Adviser or the Affiliated Money Manager derives an inappropriate advantage.

7. No director, trustee, or officer of the Fund or the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such director, trustee, or officer) any interest in a Money Manager except for ownership of (i) interests in the Adviser or any entity that controls, is controlled by, or is under common control with the Adviser, or (ii) less than 1% of the outstanding securities of any class of equity or debt of a publicly traded company that is either a Money Manager or an entity that controls, is controlled by, or is under common control with a Money Manager.

8. Within 60 days of the hiring of any new Money Manager or the implementation of any proposed material change in a Money Manager Agreement, the Adviser will furnish shareholders all information about the new Money Manager or Money Manager Agreement that would be included in a proxy statement. Such information will include any change in such information caused by the addition of a new Money

Manager or any proposed material change in a Money Manager Agreement. To meet this condition, the Adviser will provide shareholders with an information statement meeting the requirements of Regulation 14C, Schedule 14C, and Item 22 of Schedule 14A under the Securities Exchange Act of 1934.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-20830 Filed 8-14-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 22131; 811-4879]

Baird Blue Chip Fund, Inc.; Notice of Application for Deregistration

August 9, 1996.

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

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

APPLICANT: Baird Blue Chip Fund, Inc.

RELEVANT ACT SECTION: Order requested under section 8(f).

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

FILING DATE: The application was filed on June 28, 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 3, 1996, 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, 777 East Wisconsin Avenue, Milwaukee, WI 53202.

FOR FURTHER INFORMATION CONTACT: Mary T. Geffroy, Staff Attorney, at (202) 942-0553, or Robert A. Robertson, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).