

rates of the New Notes will mirror the seven series of debentures that were issued by Columbia upon emergence from bankruptcy (HCAR No. 26361). The New Notes will be governed by the terms of a loan agreement in certificated form and will be secured or unsecured.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-30531 Filed 11-29-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 22350; 812-10352]

Medallion Financial Corp.; Notice of Application

November 25, 1996.

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

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

APPLICANT: Medallion Financial Corp.

RELEVANT ACT SECTIONS: Order of exemption requested pursuant to section 61(a)(3)(B) of the Act.

SUMMARY OF APPLICATION: Applicant requests an order approving applicant's 1996 Eligible Director stock option plan (the "Director Plan") and the grant of certain stock options thereunder.

FILING DATE: The application was filed on September 13, 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 December 20, 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 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, 205 East 42nd Street, Suite 2020, New York, New York 10017.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney, at (202) 942-0572, or Alison E. Baur, 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 a business development company ("BDC") within the meaning of section 2(a)(48) of the Act.¹ Applicant requests an order pursuant to section 61(a)(3)(B) of the Act approving the Director Plan and pursuant to the Director Plan, the automatic grant of options to purchase shares of applicant's common stock to each director who is not an employee, officer, or interested person (as defined in section 2(a)(19) of the Act) of applicant ("Eligible Director") and to each new Eligible Director of applicant who may be elected or appointed in the future to applicant's board of directors. The Director Plan and a stock option plan for applicant's officers and employees, including employee directors, (the "Employee Plan") were approved by applicant's shareholders and board of directors at meetings held on May 22, 1996. Applicant will implement the Director Plan subsequent to receiving an order of the SEC ("Approval Date").

2. Applicant's principal focus is the origination and servicing of loans financing the purchase of taxicab medallions and related assets. Applicant also originates and services commercial installment loans secured by retail dry cleaning and coin operated laundromat equipment and other targeted industries. Further, applicant also operates a taxicab rooftop advertising business. Applicant operates its businesses through four subsidiaries, Medallion Funding Corp., Edwards Capital Corp., Transportation Capital Corp., and Medallion Taxi Media, Inc. The first three companies are registered investment companies and licensed as small business investment companies by the Small Business Administration. Applicant is managed by its executive officers under the supervision of its board of directors and has retained FMC Advisers, Inc. (the "Sub-Adviser") as an investment adviser.

3. Each Eligible Director of applicant receives \$10,000 a year for each year he serves, \$2,000 for each board meeting attended, \$1,000 for each committee meeting attended, \$250 for each

telephonic meeting in which he participates and reimbursement for related expenses. The Eligible Directors receive no other compensation for their services to applicant.

4. Under the two Plans, an aggregate of 850,000 shares of applicant's common stock have been reserved for issuance to applicant's directors, officers, and employees (750,000 shares are reserved under the Employee Plan and 100,000 under the Director Plan). The shares reserved for issuance under the two Plans constitute 10.3% of the 8,250,000 shares of applicant's common stock outstanding as of August 31, 1996 with the shares reserved for issuance under the Employee Plan constituting 9.09% and the shares reserved for issuance under the Director Plan constituting 1.21%. Eligible Directors are not eligible to receive stock options under the Employee Plan. Applicant has no warrants, options, or rights to purchase its voting securities outstanding, other than those granted pursuant to the Employee Plan.

5. The Director Plan provides for "Initial Grants" and "Automatic Grants." With respect to the Initial Grants, on the Approval Date the Eligible Directors serving at such time will be granted options to purchase the number of shares of common stock determined by dividing \$100,000 by the current market value of the common stock, multiplied by the fraction that represents the portion of a full three-year term that the director has initially been elected to serve. After the Initial Grants have been made, all subsequent grants of options to Eligible Directors upon their election, reelection, or appointment to the board will be Automatic Grants. With respect to the Automatic Grants, at each annual meeting of applicant's shareholders after the Approval Date, each eligible director elected or re-elected to a three-year term will automatically be granted an option to purchase the number of shares of common stock determined by dividing \$100,000 by the current market value of the common stock on the date of such election. Upon the election or appointment of an Eligible Director other than at an annual shareholder meeting, each such Eligible Director will automatically be granted an option to purchase that number of shares determined by (a) dividing \$100,000 by the current market value of the common stock on the date of election and (b) multiplying the resulting quotient by a fraction, the numerator of which is equal to the number of whole months remaining in the new director's term and the denominator of which is 36.

¹ Section 2(a)(48) defines a BDC to be any closed-end investment company that operates for the purpose of making investments in securities described in sections 55(a)(1) through 55(a)(3) of the Act and makes available significant managerial assistance with respect to the issuers of such securities.

6. Options granted under the Director Plan become exercisable at each annual meeting of shareholders (but not in the event applicant holds an annual meeting of shareholders in 1996) with respect to that number of shares that is determined by multiplying the number of shares covered by such option by a fraction, the numerator of which will equal the number of whole months elapsed since the most recent to have occurred of either (a) the date of the grant or (b) the last annual meeting of shareholders, and the denominator of which will be the number of whole months for which such director was elected. The exercise price of the options would be 100% of the current market value of applicant's common stock on the Nasdaq Stock Market at the date of grant, or if the stock is not so quoted at such time, then equal to the current net asset value of the common stock as determined in good faith by members of the board of directors not eligible to participate in the Director Plan.

7. Eligible Directors holding exercisable options under the Director Plan who cease to be eligible directors for any reason, other than death, may exercise the rights they had under such options at the time they ceased to be an eligible director for three months following the date on which such director ceased to be an eligible director. No additional options held by such directors shall become exercisable thereafter. Upon the death of a director, those entitled to do so under the director's will or the laws of descent and distribution will have the right, at any time within twelve months after the date of death, to exercise in whole or in part any rights which were available to the director at the time of his or her death. The Director Plan will expire ten years after the Approval Date and each option will expire five years from the date of grant.

Applicant's Legal Analysis

1. Section 63(3) of the Act permits a BDC to sell its common stock at a price below current net asset value upon the exercise of any option issued in accordance with section 61(a)(3) of the Act.

2. Section 61(a)(3)(B) of the Act provides, in pertinent part, that a BDC may issue to its non-employee directors options to purchase its voting securities pursuant to an executive compensation plan, provided that: (a) The options expire by their terms within ten years; (b) the exercise price of the options is not less than the current market value of the underlying securities at the date of the issuance of the options, or if no

such market exists, the current net asset value of such voting securities; (c) the proposal to issue such options is authorized by the BDC's shareholders, and is approved by order of the SEC upon application; (d) the options are not transferable except for disposition by gift, will, or intestacy; (e) no investment adviser of the BDC receives any compensation described in section 205(a) of the Investment Advisers Act of 1940, except to the extent permitted by clause (A) or (B) of that section; and (f) the BDC does not have a profit-sharing plan as described in section 57(n) of the Act.

3. In addition, section 61(a)(3)(B) of the Act provides that the amount of the BDC's voting securities that would result from the exercise of all outstanding warrants, options, and rights at the time of issuance may not exceed 25% of the BDC's outstanding voting securities, except that if the amount of voting securities that would result from the exercise of all outstanding warrants, options, and rights issued to the BDC's directors, officers, and employees pursuant to an executive compensation plan would exceed 15% of the BDC's outstanding voting securities, then the total amount of voting securities that would result from the exercise of all outstanding warrants, options, and rights at the time of issuance shall not exceed 20% of the outstanding voting securities of the BDC.

4. Applicant represents that the Director Plan and the Initial and the Automatic Grants would meet the requirements of section 61(a). In addition, in support of its application, applicant states that its directors are actively involved in the oversight of applicant's affairs and that applicant relies on the judgment and experience of its directors. Further, applicant states that its directors have extensive and varied financial, regulatory, political, and legal experience which enhance applicant's ability to accomplish its investment objectives. Applicant states that the Director Plan will provide incentives to the Eligible Directors to remain on the board and devote their best efforts to the success of applicant's business.

5. Applicant submits that the terms of the Director Plan are fair and reasonable and do not involve overreaching of applicant or its shareholders. On the Approval Date, the number of applicant's voting securities that would result from the exercise of all options issued or issuable to applicant's directors, officers, and employees under both Plans is 850,000 shares of 10.3% of applicant's outstanding shares on

August 31, 1996. Applicant submits that given the small number of shares of common stock issuable upon the exercise of options which may be granted under the Director Plan should not have a substantial dilutive effect on the net asset value of applicant's common stock. Further, the options will vest in three annual installments commencing with the first annual shareholders' meeting after the Eligible Director's election, appointment, or re-election, and only if the Eligible Director continues to serve on applicant's board of directors.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-30612 Filed 11-29-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22347; File No. 812-10358]

NASL Series Trust, et al.

November 22, 1996.

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

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

APPLICANTS: NASL Series Trust ("Trust"), The Manufacturers Life Insurance Company ("Manulife"), The Manufacturers Life Insurance Company of America ("Manulife America"), Manulife Series Fund, Inc. ("Manulife Series Fund"), Manufacturers Adviser Corporation ("Manufacturers Adviser"), North American Security Life Insurance Company ("Security Life"), First North American Life Assurance Company ("FNAL"), and NASL Financial Services, Inc. ("Financial Services").

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 17(b) of the 1940 Act, granting an exemption from the provisions of Section 17(a) thereof, and pursuant to Rule 17d-1 of the 1940 Act, permitting certain transactions.

SUMMARY OF APPLICATION: Applicants seek exemptive relief to permit the merger of each of the investment portfolios of Manulife Series Fund and into portfolios of the Trust that are existing or will be established (the "Reorganization").

FILING DATE: The application was filed on September 19, 1996, and amended on November 21, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the Application will be issued unless the Commission orders a