1999, and (3) by issuing notes evidencing short-term and term loan borrowings and/or commercial paper, in an aggregate principal amount not to exceed $1 billion at any one time outstanding, from time to time through March 31, 2000 (Holding Co. Act Release Nos. 26349 (Aug. 3, 1995), 26347 (Aug. 2, 1995), and 26346 (Aug. 1, 1995) (the ''Orders'')).

Under the terms of the Orders, Southern may use the proceeds of common stock sales and borrowings to finance the acquisition of the securities of one or more EWGs or FUCOs, and may issue guaranties in respect of the securities of such entities, provided that the sum of the net proceeds of common stock sales and borrowings used by Southern for these purposes and the guaranties at any time outstanding shall not, when added to Southern's ''aggregate investment'' (as defined in rule 53(a) under the Act) in all EWGs and FUCOs, exceed 50% of Southern's ''consolidated retained earnings'' (as defined in rule 53(a)).[1]

Southern requests the Commission to modify this limitation, and exempt Southern from the requirements of rule 53(a)(1), to permit Southern to use the net proceeds of common stock sales and borrowings authorized by the Orders to acquire the securities of EWGs and FUCOs, and to issue guaranties pursuant to the Orders,[2] in an aggregate amount that, when added to Southern's direct and indirect ''aggregate investment'', as defined, in all EWGs and FUCOs, would not at any time exceed 100% of Southern's ''consolidated retained earnings'', as defined. The current amount of Southern's ''aggregate investment'', as defined, in EWGs and FUCOs (approximately $1.244 billion) represents approximately 38.72% of its ''consolidated retained earnings'', as defined, at June 30, 1995 (approximately $3.213 billion). Increasing this limitation as Southern proposes would allow financing of additional investments in EWGs and FUCOs of approximately $1.97 billion.

Southern states that it is committed to making substantial additional investments in EWGs and FUCOs, primarily because (1) since 1988 and for at least the next ten years, there has been and is projected to be little or no need for Southern to make any significant equity investment in any of its utility subsidiaries; and (2) Southern has invested in utility systems in countries where competition is more fully developed so that it will be better able to compete in the future in the southeastern United States. Southern also describes comprehensive procedures that it has established to identify and address risks involved in EWG and FUCO investments.

Southern states that the use of financing proceeds and guaranties to make investments in EWGs and FUCOs to the proposed increased level will not have a substantial adverse impact on the financial integrity of the Southern system or an adverse impact on any utility subsidiary of Southern or its customers or on the ability of the affected state commissions to protect such customers. Southern further represents that it will not seek recovery through higher rates to its utility subsidiaries' customers in order to compensate Southern for any possible losses that it may sustain on investments in EWGs and FUCOs or for any inadequate returns on such investments.

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

Margaret H. McFarland,

Deputy Secretary.

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BILLING CODE 8010–01–M

[1] This investment limitation is consistent with the investment limitation contained in Rule 53(a)(1).

[2] In a separate proceeding in File No. 70–8733, Southern is proposing to restate its authority to guaranty the securities of EWGs, FUCOs and certain other nonutility subsidiaries. If an order in that matter is issued prior to the issuance of the order requested in this filing, such order will be subject to the percentage limitation sought to be increased herein. The issuance of an order in this filing would amend Southern's guaranty authority as in effect at the date of issuance of such order.

[Investment Company Act Rel. No. 21472; 812–9558]

Ridgewood Electric Power Trust III et al.; Notice of Application

November 3, 1995.

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

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

APPLICANTS: Ridgewood Electric Power Trust III (''Power III''), Ridgewood Electric Power Trust IV (''Power IV'') (Collectively, the ''Funds''), and Ridgewood Power Corporation.

RELEVANT ACT SECTIONS: Order requested under rule 17d–1 in accordance with sections 17(d) and 57(a)(4).

SUMMARY OF APPLICATION: Applicants request an order permitting Power III and Power IV, which are affiliated with each other, to co-invest in the same portfolio securities.

FILING DATE: The application was filed on April 6, 1995 and amended on November 2, 1995.

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 28, 1995, and should be accompanied by proof of service on the 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 reasons for the request, and the issues contested. Persons who with 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, 947 Linwood Avenue, Ridgewood, New Jersey 07450.

FOR FURTHER INFORMATION CONTACT: Marilyn Mann, Special Counsel, at (202) 942–0582, or Robert A. Robertson, 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 Funds are Delaware business trusts that have each elected to be regulated as a business development company (a ''BDC'') under the Act. They are designed to provide investors with the ability to participate primarily in investments in unregulated entities that own electric power plants or other facilities used in the generation, transmission, or distribution of electrical energy and related products and services (the ''Portfolio Companies'').

2. The investment objectives of each BDC are to (i) generate current cash flow for distribution to investors from the operation of the Portfolio Companies, and (ii) provide the opportunity for capital appreciation through the subsequent sale of the BDC's investments. Applicants request an order permitting the Funds to invest jointly in Portfolio Companies.

3. Power III raised approximately $40 million in an offering that was exempt from registration under the Securities Act of 1933 (the ''1933 Act'') pursuant to Regulation D thereunder. In order to

qualify as a BDC, Power III registered the offering on Form 10 under the Securities Exchange Act of 1934 (the ''1934 Act''). Power III's 1934 Act registration became effective on April 16, 1994. The offering terminated on June 30, 1995.

4. Power IV expects to raise funds from only accredited investors pursuant to an offering which is exempt from registration under the 1933 Act pursuant to Regulation D thereunder. In order to qualify as a BDC, on January 23, 1995 Power IV filed a registration statement for its proposed offering on Form 10 under the 1934 Act. The Form 10 registration became effective and the Power IV offering commenced on March 31, 1995. It is expected that the proceeds of Power IV's offering of securities will result in assets for Power IV in the range of 30 to 40 million dollars.

5. Power III and Power IV each have a management structure consisting of a three member Board of Trustees. Ridgewood Power Corporation (''PRC''), a Delaware corporation, services as one member of the Board of Trustees and as Managing Shareholder of Power III and Power IV. RPC also has an equity interest in each of the Funds. The Funds each have two individual trustees (the ''Independent Trustees''), who are not ''affiliated persons'' of RPC or otherwise ''interested persons'' of Power III and Power IV. Neither of the Independent Trustees of Power III serves as an Independent Trustee of Power IV.

6. Pursuant to each Fund's Declaration of Trust, the Board of Trustees provides overall guidance and supervision with respect to the operations of the Fund, and performs all duties that the Act imposes on the boards of directors of business development companies. The Managing Shareholder is charged with certain responsibilities pursuant to each Fund's Declaration, including authority to determine and manage the Fund's independent power investments, subject to the supervision of the Board of Trustees.

7. Before a co-investment transaction will be effected, the Managing Shareholder will make a written investment presentation respecting the proposed co-investment transaction to the Board of Trustees of each Fund based on such considerations and circumstances as the Managing Shareholder may deem appropriate, including the consistency of the proposed co-investment transaction with the investment objectives and policies of each Fund. Each Fund will make its own decision and have the right to decide not to share a particular investment with another.

8. There will be no consideration paid to the Managing Shareholder (or its controlling persons) directly or indirectly, including without limitation any type of brokerage commission, in connection with a co-investment transaction. The Managing Shareholder will continue to receive, however, its normal compensation arrangements with respect to a Fund and will participate indirectly in a transaction through its existing equity interest in a Fund.

9. Prior to engaging in a co-investing transaction, a required majority (as that term is defined in section 57(o) of the Act) (''Required Majority'') of the trustees of each Fund shall each conclude, as to their respective Fund, that as presented to them by the Managing Shareholder, the terms of the proposed co-investment transaction are reasonable and fair and do not involve overreaching of their Fund or its Shareholders on the part of any person concerned.

10. Neither the Managing Shareholder nor its controlling persons will participate directly or indirectly in a co-investment transaction effected by a Fund pursuant to the order. For this purpose, the term ''participate'' shall not include either the Managing Shareholders' existing equity interest in a Fund or their normal compensation arrangements with the Fund.

Applicants' Legal Analysis

1. Section 17(d) of the Act and rule 17d–1 thereunder provide, among other things, that it shall be unlawful for an affiliated person of an investment company, acting as principal, to participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement in which any such investment company is a participant unless an application regarding such joint enterprise or arrangement has been filed with an exemptive order issued by the SEC. Section 57(a)(4) of the Act applies the same prohibitions to the persons specified in section 57(b), including any person under common control with a BDC. Because the Funds are under common control, they are prohibited under section 57(a)(4), absent an exemptive order, from engaging in co-investment transactions. Section 57(i) makes rule 17d–1 applicable to transactions prohibited by section 57(a)(4). In reviewing applications filed under rule 17d–1, the SEC considers whether the participation of such investment company (or BDC) or controlled company in such joint enterprise or joint arrangement is consistent with the provisions, policies, and purposes of the Act and the extend to which such participation is on a basis different from or less advantageous than that of other participants.

2. Applicants propose, subject to SEC approval, to allow Power III and Power IV to invest jointly in Portfolio Companies in transactions that are otherwise prohibited by section 57(a)(4) or rule 17d–1 under the Act (''co-investment transactions'').[1] The Funds have the same investment objectives, and applicants believe that the ability to participate in co-investment transactions, in the manner described below, would be advantageous for each of the Funds. Applicants believe there are a significant number of potential investments that may be possible investments for both of the Funds. Moreover, a Fund's ability to participate in co-investment transactions would enlarge the scope of each Fund's investment opportunities. Finally, the aggregate capital resulting from the pooling of the Funds' available resources should cause co-investment transactions to be affected at better prices and on more favorable terms if only one Fund had been able to participate in any given transaction.

3. Additionally, under the terms of the proposed procedures to be followed in effecting co-investment transactions, the terms of the co-investment transactions will not be less advantageous to one Fund than they are to the other Fund. To the contrary the terms and conditions of each co-investment transaction will be identical for both Funds since each Fund will be offered the opportunity to participate in the co-investment transactions on a *pro rata* basis. The decision to participate would, moreover, be based on the written investment presentation of the Managing Shareholder. If the Independent Trustees determined not to participate in a proposed co-investment transaction, they could decline to do so on behalf of their Fund. By the same token, the Independent Trustees could determine to participate more or less fully in a proposed co-investment transaction than their Fund's *pro rata* share would have authorized, and the Independent Trustees have the same flexibility as the final sale, exchange, or

[1] The Funds intend to seek shareholder approval of proposals to withdraw their elections to be regulated as BDC's. If shareholder approval is obtained, the Funds intend to conduct business thereafter as operating companies. Accordingly, applicants request that the SEC's order apply to those joint transactions with respect to which a binding contract has been entered into by March 31, 1996.

other disposition of a co-investment transaction.

4. For these reasons, applicants believe that the requested exemption for such co-investment transactions meets the standards for granting exemptive relief under sections 17(d) and 57(a)(4) and rule 17d–1.

Applicant's Conditions

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

1. (a) To the extent that a Fund is considering new investments, the Managing Shareholder will review investment opportunities on its behalf, including investments being considered on behalf of the other Fund. The Managing Shareholder will determine whether a particular investment is eligible for investment by either Fund.

(b) If the Managing Shareholder deems an investment eligible for investment by either Fund, the Managing Shareholder will determine what it considers to be an appropriate amount that the Fund should invest in the particular investment. Where the aggregate amount recommended for the Funds is greater than the amount available for investment, the amount available for purchase by a Fund shall be determined on a *pro rata* basis by dividing the net assets of the Fund by the sum of the net assets of both Funds.

(c) Following the making of the determinations referred to in (a) and (b), the Managing Shareholder will distribute written information concerning the proposed co-investment transaction to the Independent Trustees of each Fund.

(d) The Independent Trustees of each Fund will review the information regarding the Managing Shareholder's preliminary determination. A Fund will only engage in a co-investment transaction if a Required Majority of the trustees of the Fund conclude, prior to the acquisition of the investment, that:

(i) The terms of the transaction, including the consideration to be paid, are reasonable and fair to the shareholders of the Fund and do not involve overreaching of the Fund or such shareholders on the part of any person concerned;

(ii) The transaction is consistent with the interests of the share holders of the Fund and is consistent with the Fund's investment objectives and policies as recited in its registration statement and reports filed under the Securities Exchange Act of 1934, and its reports to shareholders; and

(iii) The investment by the other Fund would not disadvantage the Fund and that participation by the Fund would not be on a basis different from or less advantageous than that of the other Fund.

(e) Each Fund has the right to decline to participate in a particular co-investment transaction or may purchase less than its full allocation.

2. Neither Fund will make an investment for its portfolio if a Fund or the Managing Shareholder or a person controlling, controlled by, or under common control with the Managing Shareholder is an existing investor in such issuer.

3. All co-investment transactions will consist of the same class of securities, including the same registration rights (if any) and other rights related thereto, at the same unit consideration, and on the same terms and conditions, and the settlement dates will be the same.

4. If a Fund elects to sell, exchange, or otherwise dispose of an interest in a particular security that is also held by the other Fund, the Managing Shareholder will notify the other Fund of the proposed disposition at the earliest practical time and such Fund will be given the opportunity to participate in such disposition on a proportionate basis, at the same price and on the same terms and conditions. The Managing Shareholder will formulate a recommendation as to participation by such Fund in such a disposition, and provide a written recommendation to the Independent Trustees of such Fund. A Fund will participate in any such disposition if a Required Majority of its trustees determines that it is in the best interest of the investing Fund. Each Fund will bear its own expenses associated with any such disposition of a portfolio security.

5. If a Fund desires to make a ''follow-on'' investment (i.e., an additional investment in the same entity) in a particular issuer whose securities are held by the other Fund or to exercise rights to purchase securities of such an issuer, the Managing Shareholder will notify the other Fund of the proposed transaction at the earliest practical time. The Managing Shareholder will formulate a recommendation as to the proposed participation by each Fund in a follow-on investment, and provide the recommendation to the Fund's Independent Trustees along with notice of the total amount of the follow-on investment. Each Fund's Independent Trustees will make their own determination with respect to follow-on investments. To the extent that the amount of a follow-on investment available to a Fund is not based on the amount of its initial investment, the relative amount of investment by each Fund will be based on a ratio derived by comparing the remaining funds available for investment by each Fund with the total amount of the follow-on investment. A Fund will participate in such investment to the extent that a Required Majority of its trustees determine that it is in the Fund's best interest. The acquisition of follow-on investments as permitted by this condition will be subject to the other conditions set forth in the application.

6. The Independent Trustees of the Funds will be provided quarterly for review all information concerning transactions made by the Funds so that they may determine whether all co-investment transactions made during the preceding quarter, including co-investment opportunities that were declined, complied with these conditions.

7. Each Fund will maintain the records required by section 57(f)(3) of the Act as if each of the co-investment transactions permitted under these conditions were approved by the Fund's Independent Trustees under section 57(f).

8. The Funds will not have common Independent Trustees.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–27884 Filed 11–9–95; 8:45 am]

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[Release No. IC–21471; 812–9690]

SEI Financial Management Corporation, et al.; Notice of Application

November 3, 1995.

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

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

APPLICANTS: SEI Financial Management Corporation and SEI Financial Services Company (collectively, ''SEI'').

RELEVANT ACT SECTIONS: Order requested under sections 6(c) and 17(b) of the Act exempting SEI from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d–1 thereunder permitting certain transactions.

SUMMARY OF APPLICATION: SEI seeks an order amending a prior order that facilitates the conversion of bank-sponsored collective funds into mutual funds by permitting registered open-end management investment companies administered or distributed by SEI, and