

For more information, contact Mr. Paul W. Harris, Project Manager, Non-Power Reactors and Decommissioning Project Directorate, Division of Reactor Program Management, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington DC, 20555-0001, telephone number at (301) 415-1169.

Dated at Rockville, Maryland, this 17th day of October 1997.

For the Nuclear Regulatory Commission.

Marvin M. Mendonca,

Acting Director Non-Power Reactors and Decommissioning Project Directorate, Division of Reactor Program Management Office of Nuclear Reactor Regulation.

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POSTAL SERVICE BOARD OF GOVERNORS

Sunshine Act Meeting

TIMES AND DATES: 1:00 p.m., Monday, November 3, 1997; 8:30 a.m., Tuesday, November 4, 1997.

PLACE: Washington, D.C., at U.S. Postal Service Headquarters, 475 L'Enfant Plaza, S.W., in the Benjamin Franklin Room.

STATUS: November 3 (Closed); November 4 (Open).

MATTERS TO BE CONSIDERED:

Monday, November 3-1:00 p.m. (Closed)

1. FY 1997 EVA Performance Awards.
2. Compensation issues.

Tuesday, November 4-8:30 a.m. (Open)

1. Minutes of the Previous Meeting, October 6-7, 1997.
2. Remarks of the Postmaster General/Chief Executive Officer.
3. Quarterly Report on Service Performance.
4. Fiscal Year 1998 Financing Plan.
5. Capital Investments.
 - a. Associate Office Infrastructure, Phase 2.
 - b. Church Street Station, New York, Renovation Project, Phase 2.
6. Tentative Agenda for the December 8-9, 1997, meeting in Costa Mesa, California.

CONTACT PERSON FOR MORE INFORMATION: Thomas J. Koerber, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza, S.W., Washington, D.C. 20260-1000. Telephone (202) 268-4800.

Thomas J. Koerber,
Secretary.

[FR Doc. 97-28433 Filed 10-22-97, 3:29 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22861; 812-10656]

Emerald Funds; Notice of Application

October 20, 1997.

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

ACTION: Notice of application under section 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicant Emerald Funds (the "Trust") seeks an order to permit an in-kind redemption of Trust shares held by an affiliated person of the Trust.

FILING DATES: The application was filed on May 12, 1997. Applicants have agreed to file an amendment to the application during the notice period, the substance of which is included in this notice.

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 November 14, 1997 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 5th Street, N.W., Washington, D.C. 20549. Applicant, 3435 Stelzer Road, Columbus, Ohio 43219-3035.

FOR FURTHER INFORMATION CONTACT: Joseph B. McDonald, Jr., Senior Counsel, at (202) 942-0533, or Christine Y. Greenlees, 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 at the SEC's Public Reference Branch, 450 5th Street, N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicant's Representations

1. The Trust, an open-end management investment company organized as a Massachusetts business

trust, currently offers fourteen portfolios, including the Equity Fund and the Small Capitalization Fund (collectively, the "Funds"). The board of trustees of the Trust (the "Board") is comprised of six trustees, three of whom are not "interested persons" (as defined in section 2(a)(19) of the Act) (the "Independent Trustees") of the Trust. Barnett Capital Advisors, Inc. ("Barnett") is the Trust's investment adviser. Each of the Funds seeks long-term capital appreciation by investing primarily in common stocks.

2. The Retirement Plan and Trust of Barnett Banks, Inc., and Its Affiliates (the "Affiliated Shareholder") is a qualified retirement plan and trust maintained by Barnett Banks, Inc. and its affiliates. Barnett Bank N.A., a wholly-owned subsidiary of Barnett Banks, Inc., serves as trustee of the Affiliated Shareholder. Assets of the Affiliated Shareholder are held in several investment accounts, each with a separate investment objective. As of April 1, 1997, two of the accounts of the Affiliated Shareholder (the "Accounts") owned beneficially 12.9% of the outstanding shares of the Equity Fund and 32.4% of the outstanding shares of the Small Capitalization Fund.

3. Barnett Bank N.A., acting pursuant to its fiduciary obligations under the Employee Retirement Income Security Act of 1974, as amended, has concluded that the shares of the Funds owned by the Affiliated Shareholder should be redeemed and the proceeds placed in the Accounts, which thereafter will be separately managed by Barnett. Consequently, the Affiliated Shareholder, on behalf of the Accounts, has advised the Trust that it expects to redeem all of its shares of the Funds and reinvest the proceeds in the Accounts.

4. The Funds' prospectus and statement of additional information provide that shares may be redeemed at the net asset value per share next determined after receipt of a proper redemption request. If, however, the Board determines that conditions exist which make payment of redemption proceeds wholly in cash unwise or undesirable, the Funds may satisfy all or part of a redemption request by delivering readily marketable portfolio securities to a redeeming shareholder. The Board, including all of the Independent Trustees, has determined that it would be in the best interests of the Funds and their shareholders to

redeem the shares of the Affiliated Shareholder in-kind as described below.

5. Applicant proposes to redeem the shares of the Affiliated Shareholder in the form of a *pro rata* distribution of each portfolio security held by the Funds after excluding: (a) securities which, if distributed, would be required to be registered under the Securities Act of 1933; and (b) certain portfolio assets (such as futures and options contracts and repurchase agreements) that, although they may be liquid and marketable, must be traded through the marketplace or with the counterparty to the transaction in order to effect a change in beneficial ownership.

6. Securities to be distributed to the Affiliated Shareholder through the in-kind redemption will be further limited to securities which are traded on a public securities market or for which quoted bid prices are available. Cash will be paid for that portion of the Fund's assets represented by cash equivalents (such as certificates of deposit, commercial paper and repurchase agreements) and other assets which are not readily distributable (including receivables and prepaid expenses), net of all liabilities (including accounts payable). In addition, the Funds will distribute cash in lieu of securities held in their portfolios not amounting to round lots (or which would not amount to round lots if included in the in-kind distribution), fractional shares and accruals on such securities.

Applicant's Legal Analysis

1. Section 17(a)(2) of the Act prohibits affiliated persons of a registered investment company from knowingly purchasing any security from the company. Section 2(a)(3)(A) of the Act defines "affiliated person" of another person to include any person owning 5% or more of the outstanding voting securities of the other person. The Affiliated Shareholder is an affiliated person of each Fund under section 2(a)(3)(A) of the Act because it owns beneficially in excess of 5% of each Fund's shares. In addition, the Affiliated Shareholder may be deemed to be an affiliated person of each Fund under section 2(a)(3)(C) of the Act because the Affiliated Shareholder and the Funds may be deemed to be under the common control of Barnett Bank, N.A., which serves as trustee of the Affiliated Shareholder and whose wholly-owned subsidiary serves as investment adviser of the Funds. Finally, the Affiliated Shareholder may be deemed to be an affiliated person of the Small Capitalization Fund under section 2(a)(3)(C) of the Act because it owns

beneficially in excess of 25% of the outstanding shares of that Fund. To the extent that the proposed in-kind redemptions would be considered to involve the "purchase" of portfolio securities (of which the Funds are not the issuer) by the Affiliated Shareholder, the proposed in-kind redemptions would be prohibited by section 17(a)(2) of the Act.

2. Section 17(b) of the Act provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) the terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policy of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

3. Applicant submits that the terms of the proposed in-kind redemption by the Affiliated Shareholder meet the standards set forth in section 17(b). Applicant believes that the terms of the proposed in-kind redemption do not involve overreaching on the part of any person and are reasonable and fair to the Funds, their shareholders and the Affiliated Shareholder. The Affiliated Shareholder will have no choice as to the type of consideration to be received in connection with its redemption request, and neither the Adviser nor the Affiliated Shareholder will have any opportunity to select the specific portfolio securities to be distributed. In addition, the Funds will use an objective, verifiable standard to value any security to be distributed pursuant to the proposed in-kind redemption. In addition, the proposed in-kind redemption is consistent with the investment policies of the Funds, as set forth in their prospectus, which expressly discloses the Funds' ability to redeem shares in-kind. Finally, applicant believes that the proposed in-kind redemption is consistent with the general purposes of the Act to protect shareholders of the investment companies from self-dealing on the part of investment company affiliates to the detriment of other shareholders because the Affiliated Shareholder would not receive any advantage not available to other shareholders if the proposed in-kind redemption is permitted.

Applicant's Conditions

Applicant agrees that any order granting the requested relief will be subject to the following conditions:

1. The portfolio securities of the Funds distributed to the Affiliated Shareholder pursuant to the redemption in-kind (the "In-Kind Securities") will

be limited to securities that are traded on a public securities market or for which quoted bid prices are available.

2. The In-Kind Securities will be distributed by the Funds on a *pro rata* basis after excluding: (a) securities which, if distributed, would be required to be registered under the Securities Act of 1933; and (b) certain portfolio assets (such as futures and options contracts and repurchase agreements) that, although they may be liquid and marketable, must be traded through the marketplace or with the counterparty to the transaction in order to effect a change in beneficial ownership. Cash will be paid for that portion of the Funds' assets represented by cash equivalents (such as certificates of deposit, commercial paper, and repurchase agreements) and other assets which are not readily distributable (including receivables and prepaid expenses), net of all liabilities (including accounts payable). In addition, the Funds will distribute cash in lieu of securities held in their portfolios not amounting to round lots (or which would not amount to round lots if included in the in-kind distribution), fractional shares, and accruals on such securities.

3. The In-Kind Securities distributed to an Affiliated Shareholder will be valued in the same manner as they would be valued for purposes of computing the Funds' net asset values, which, in the case of securities traded on a public securities market for which quotations are available, is their last reported sales price on the exchange on which the securities are primarily traded or at the last sales price on the national securities market, or, if the securities are not listed on an exchange or the national securities market or if there is no such reported price, the average of the most recent bid and asked prices (or, if no asked price is available, the last quoted bid price).

4. The Funds will maintain and preserve for a period of not less than six years from the end of the fiscal year in which a proposed in-kind redemption occurs, the first two years in an easily accessible place, a written record of each such redemption setting forth a description of each security distributed, the terms of the distribution, and the information or materials upon which the valuation was made.

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

Margaret H. McFarland,
Deputy Secretary.

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