investors of WEBS on the AMEX. For the above reasons, applicants believe that the requested relief meets the section 6(c) standards for relief.

Applicants' Conditions

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

1. The Fund will not be advertised or marketed as an open-end investment company, *i.e.*, as a mutual fund offering redeemable securities. The Fund's or any Index Series' prospectus will prominently disclose that WEBS are not redeemable shares and will disclose that the owners of WEBS may acquire and tender those shares for redemption to the Fund in Creation Unit aggregations only. Any advertising material where features of obtaining, buying or selling Creation Units are described or where there is reference to redeemability will prominently disclose that WEBS are not redeemable and that owners of WEBS may acquire and tender those shares for redemption to the Fund in Creation Unit aggregations only.

2. The Fund will provide copies of its annual and semi-annual shareholder reports to DTC Participants for distribution to beneficial holders of WEBS.

3. Applicants will not seek to have the Fund's registration statement declared effective until the SEC has approved such proposed rule change pursuant to rule 19b–4 under the Securities Exchange Act of 1934 as may be necessary to enable a national securities exchange to list the WEBS.

4. In addition, as long as the Fund operates in reliance on the requested order, the WEBS will be listed on a national securities exchange.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–3045 Filed 2–9–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21735; 812–9900]

J.P. Morgan Index Funding Company, LLC; Notice of Application

February 6, 1996.

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

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

APPLICANT: J.P. Morgan Index Funding Company, LLC.

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act that would exempt applicant from all provisions of the Act.

SUMMARY OF APPLICATION: Applicant requests an order that would permit it to sell certain preferred equity securities and use the proceeds to finance the business activities of its parent company, J.P. Morgan & Co. Incorporated (''J.P. Morgan''), and certain companies controlled by J.P. Morgan.

FILING DATE: The application was filed on December 15, 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 March 4, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicant, 60 Wall Street, New York, New York 10260–0060.

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 at the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a Delaware limited liability company formed in November, 1995. Applicant's outstanding voting securities are owned by J.P. Morgan and J.P. Morgan Ventures Corporation.[1] J.P. Morgan is a holding company for a group of global subsidiaries that provide a variety of financial services to corporations and other entities. Morgan Guaranty Trust Company of New York (''Morgan Guaranty'') is a New York State chartered banking institution, a member of the Federal Reserve System and the Federal Deposit Insurance Corporation, and is a subsidiary of J.P. Morgan.

2. Applicant was organized to engage in financing activities that will provide funds for use in the operations of J.P. Morgan, Morgan Guaranty, and certain of their subsidiaries (the ''Morgan Entities''). Applicant proposes to obtain funds through the offer and sale of its preferred equity securities in the United States and in overseas markets, and to lend the proceeds to the Morgan Entities.

3. Due to the nature of the capital markets, applicant may, from time to time, issue securities in amounts exceeding the amounts required by the Morgan Entities at any given time. However, at least 85% of the cash or cash equivalents raised by applicant through the sale of preferred securities will be loaned to the Morgan Entities as soon as practicable, but in no event later than six months after applicant's receipt of such cash or cash equivalents. Amounts that are not loaned to the Morgan Entities will be invested in government securities, securities of J.P. Morgan, Morgan Guaranty, or a company controlled by J.P. Morgan or Morgan Guaranty (or, in the case of a partnership or joint venture, the securities of the partners or participants in the joint venture), or securities which are exempted from the provisions of the Securities Act of 1933 by section 3(a)(3) of that Act.

4. Before applicant issues any securities, J.P. Morgan will enter into a master guarantee agreement (the ''Guarantee Agreement'') with applicant under which J.P. Morgan will guarantee the payment of principal and dividends on the securities issued by applicant, in accordance with rule 3a–5(a)(2) as interpreted by the staff.[2] The Guarantee Agreement will give each holder of applicant's securities a direct right of action against J.P. Morgan's obligations under the Guarantee Agreement without first proceeding against applicant.

Applicant's Legal Analysis

1. Applicant requests an exemption from all provisions of the Act. The Commission has stated that it is appropriate to exempt a finance subsidiary from all provisions of the Act where the primary purpose of the finance subsidiary is to finance the business operations of its parent or other subsidiaries of its parent and where any purchaser of the finance subsidiary's securities ultimately looks

[1] Applicant's counsel has stated that J.P. Morgan Ventures Corporation is a wholly-owned subsidiary of J.P. Morgan.

[2] See Chieftain International Funding Corp., (pub. avail. Nov. 3, 1992) and Cleary, Gottlieb, Steen & Hamilton, (pub. avail. Dec. 23, 1985).

to the parent for repayment and not to the finance subsidiary.[3]

2. Rule 3a–5(b)(2)(i) in relevant part defines ''parent company'' to be a corporation, partnership, or joint venture that is not considered in investment company under section 3(a) or that is excepted or exempted by order from the definition of investment company by section 3(b) or by the rules or regulations under section 3(a). J.P. Morgan technically is not a ''parent company'' within the meaning of rule 3a–5(b)(2)(i) because it meets the definition of investment company in section 3(a) of the Act and is excepted by such definition by section 3(c)(6).

3. Rule 3a–5(b)(3)(i) in relevant part defines a ''company controlled by the parent company'' to be a corporation, partnership, or joint venture that is not considered an investment company under section 3(a) or that is excepted or exempted by order from the definition of investment company by section 3(b) or by the rules and regulations under section 3(a). Certain of the Morgan Entities do not fit within the technical definition of ''companies controlled by the parent company'' because they derive their non-investment status from section 3(c).

4. In the release adopting rule 3a–5, the Commission stated that it may be appropriate to grant exemptive relief to the finance subsidiary of a section 3(c) issuer, but only on a case-by-case basis upon an examination of all relevant facts. According to the adopting release, the concern was that a company may be considered a non-investment company for the purposes of the Act under section 3(c) of the Act and still be engaged primarily in investment company activities.

5. Section 6(c) provides, in relevant part, that the SEC may, conditionally or unconditionally, by order, exempt any person or class of persons from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act. Applicant states that none of the Morgan Entities to which applicant may loan money are engaged primarily in investment company activities. In addition, if J.P. Morgan or Morgan Guaranty were themselves to issue the securities that are to be issued by applicant and use the proceeds, none of the Morgan Entities would be subject to regulation under the Act. While J.P. Morgan has chosen instead to use applicant as a financing vehicle, the Guarantee Agreement ensures that holders of applicant's securities will have direct access to J.P. Morgan's credit. Accordingly, applicant submits that the relief requested satisfies the section 6(c) standard.

Applicant's Condition

Applicant agrees that the order granting the requested relief shall be subject to the following condition:

1. Applicant will comply with all of the provisions of rule 3a-5 under the Act, except: (a) J.P. Morgan will not meet the portion of the definition of ''parent company'' in rule 3a-5(b)(2)(i) solely because it is excluded from the definition of investment company under section 3(c)(6) of the Act; (b) Morgan Guaranty will not meet the portion of the definition of ''company controlled by the parent company'' in rule 3a-5(b)(3)(i) solely because it is excluded from the definition of investment company under section 3(c)(3) of the Act; and (c) applicant will be permitted to invest in or make loans to corporations, partnerships, and joint ventures that do not meet the portion of the definition of ''company controlled by the parent company'' in rule 3a-5(b)(3)(i) solely because they are excluded from the definition of investment company by sections 3(c)(2), 3(c)(3), 3(c)(4), or 3(c)(6) of the Act, provided that any such entity excluded from the definition of investment company under section 3(c)(6) of the Act will not be engaged primarily, directly or through majority owned subsidiaries, in one or more of the businesses described in section 3(c)(5) of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–3046 Filed 2–9–96; 8:45 am]

BILLING CODE 8010–01–M

[3] Investment Company Act Release No. 14275 (Dec. 14, 1984) (release adopting rule 3a–5 under the Act). Rule 3a–5 provides an exemption from the definition of investment company for certain companies organized primarily to finance the business operations of their parent companies or companies controlled by their parent companies.

[Rel. No. IC–21733; 811–131]

National Bond Fund; Notice of Application

February 5, 1996.

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

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

APPLICANT: National Bond Fund.

RELEVANT ACT SECTION: Section 8(f).

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

FILING DATE: The application was filed on July 3, 1995 and amended on January 11, 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 March 1, 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 5th Street, N.W., Washington, D.C. 20549. Applicant, One American Row, Hartford, Connecticut 06115.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Staff Attorney, at (202) 942–0574, 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 at the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end management investment company organized as a Massachusetts business trust. On July 1, 1986, applicant registered under the Act as an investment company and filed a registration statement under the Securities Act of 1933. The registration statement was declared effective, and applicant's initial public offering commenced, on August 29, 1986.

2. On June 30, 1993, applicant's Board of Trustees and the Board of Trustees of the Phoenix Series Fund unanimously approved an agreement and plan of reorganization (the ''Plan''), in accordance with rule 17a–8 of the Act, whereby applicant would transfer all of its assets to the High Yield Fund Series (the ''High Yield Series'') of the Phoenix Series Fund, a Massachusetts business