

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.

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[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

³Investment 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.

trust.¹ Proxy materials were filed with the SEC and were distributed to shareholders on September 30, 1993. At a special meeting held on November 18, 1993, applicant's shareholders approved the Plan.

3. On December 3, 1993 (the "Closing Date"), applicant transferred all of its assets to the High Yield Series. Accordingly, securityholders of applicant became securityholders of the High Yield Series. In consideration for the transfer, the High Yield Series assumed all of applicant's liabilities and delivered to applicant full and fractional shares of beneficial interest of the High Yield Series equal to that number of full and fractional High Yield Series shares as determined based on the relative net asset values per share of applicant and the High Yield Series as of the close of trading of the New York Stock Exchange on the Closing Date. Applicant distributed such High Yield Series shares *pro rata* to its securityholders and simultaneously applicant's shares held by its securityholders were canceled.

4. Phoenix Investment Counsel, Inc., an affiliate of applicant, paid all of the direct and indirect expenses of the reorganization, including any brokerage fees relating to transactions resulting from the reorganization.

5. At the time of the application, applicant had no shareholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding.

6. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs. Applicant filed Articles of Dissolution to terminate its existence as a Maryland corporation and was dissolved on June 16, 1995.

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

Margaret H. McFarland,
Deputy Secretary.

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¹ Applicant and the Phoenix Series Fund may be deemed to be affiliated persons of each other by reason of having a common investment adviser, common directors, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a-8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of one another solely by reason of having a common investment adviser, common directors, and/or common officers.

[Rel. No. IC-21730; 811-4131]

National Federal Securities Trust; 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 Federal Securities Trust.

RELEVANT ACT SECTION: Section 8(f).

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

FILED DATE: The application was filed on July 3, 1995 and amended 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.

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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 October 17, 1984, 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 on November 21, 1984, and applicant's initial public offering commenced on December 10, 1984.

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 U.S. Government Securities Fund Series (the "Government Series") of the Phoenix Series Fund, a Massachusetts business trust.¹ Proxy materials were filed with the SEC and were distributed to shareholders on September 3, 1993. At a special meeting held on November 4, 1993, applicant's shareholders approved the Plan.

3. On December 3, 1993 (the "Closing Date"), applicant transferred all of its assets to the Government Series. Accordingly, securityholders of applicant became securityholders of the Government Series. In consideration for the transfer, the Government Series assumed all of applicant's liabilities and delivered to applicant full and fractional shares of beneficial interest of the Government Series equal to that number of full and fractional Government Series shares as determined based on the relative net asset values per share of applicant and the Government Series as of the close of trading of the New York Stock Exchange on the Closing Date. Applicant distributed such Government Series shares *pro rata* to its securityholders and simultaneously applicant's shares held by its securityholders were canceled.

4. Phoenix Investment Counsel, Inc., an affiliate of applicant, paid all of the direct and indirect expenses of the reorganization, including any brokerage fees relating to transactions resulting from the reorganization.

5. At the time of the application, applicant had no securityholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding.

6. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs. Applicant has filed documents necessary to terminate its existence as a Massachusetts business trust.

¹ Applicant and the Phoenix Series Fund may be deemed to be affiliated persons of each other by reason of having a common investment adviser, common directors, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a-8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of one another solely by reason of having a common investment adviser, common directors, and/or common officers.