

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing on or before May 1, 1998.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: February 23, 1998.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-5253 Filed 2-27-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23035; 812-11008]

The Monitor Funds, et al.; Notice of Application

February 24, 1998.

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

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

SUMMARY OF APPLICATION: Applicants seek an order to permit the reorganization of certain series of a registered open-end management investment company into certain series of another registered open-end management investment company.

APPLICANTS: The Monitor Funds ("Monitor Funds"), FMB Funds, Inc. ("FMB Funds"), and The Huntington National Bank ("Bank").

FILING DATES: The application was filed on February 12, 1998. 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 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 23, 1998, 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 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, N.W., Washington, D.C. 20549. Applicants: Bank, 41 South High Street, Columbus, Ohio 43287; Monitor Funds and FMB Funds, One Freedom Valley Road, Oaks, Pennsylvania 19456.

FOR FURTHER INFORMATION CONTACT:

Joseph B. McDonald, Jr., Senior Counsel, at (202) 942-0533, or Mary Kay Frech, 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 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

Applicants' Representations

1. Monitor Funds, a Massachusetts business trust consisting of eleven series, is an open-end management investment company registered under the Act. Monitor Growth Fund, Monitor Intermediate Government Income Fund, Monitor Michigan Tax-Free Fund and Monitor Money Market Fund (collectively, "Monitor Portfolios") are series of Monitor Funds. FMB Funds, a Maryland corporation consisting of four series ("FMB Portfolios"), is an open-end management investment company registered under the Act.

The Bank, a national banking association, is the investment adviser for both Monitor Funds and FMB Funds. As a national banking association, the Bank is not required to register under the Investment Advisers Act of 1940 ("Advisers Act"), pursuant to section 202(a)(11)(A) of the Advisers Act.

2. The Bank, as a fiduciary for its customers, owns of record or controls, or holds with power to vote, 5% or more of the outstanding securities of each of the FMB Portfolios. In addition, the Bank owns more than 5% of the outstanding voting securities of the Monitor Growth Fund and the Monitor Money Market Fund.

3. On December 9, 1997, the board of directors of FMB Funds, including a majority of the disinterested directors, approved and authorized an agreement and plan of reorganization ("Reorganization Agreement") pursuant to which each of the Monitor Portfolios will acquire a corresponding series of the FMB Portfolios with similar investment objectives. On December 17, 1997, the board of trustees of Monitor Funds, including a majority of the disinterested directors, approved and authorized the Reorganization Agreement. Pursuant to the terms of the Reorganization Agreement, FMB Funds has agreed to sell all of the assets and certain stated liabilities of each FMB Portfolio to a corresponding Monitor Portfolio in exchange for shares of that Monitor Portfolio ("Reorganization"). The number of shares of each class of the Monitor Portfolio to be issued in exchange for each FMB Portfolio share of each class will be determined by dividing the net asset value of the Monitor Portfolio share of the appropriate corresponding class by the net asset value of one FMB Portfolio share of such class.

4. Holders of Institutional Shares of the FMB Portfolios will receive Trust Shares of the corresponding Monitor Portfolio and holders of Consumer Service Shares will receive Investment Shares of the corresponding Monitor Portfolios. Each class of shares of the Monitor Portfolios has distribution-related fees, if any, which are equal to or less than the distribution-related fees of the shares of the corresponding class of the FMB Portfolio held prior to the Reorganization. No sales charge will be imposed in connection with Investment Shares of the Monitor Portfolio received by FMB Portfolio shareholders in the Reorganization.

5. The investment objective of each FMB Portfolio and its corresponding Monitor Portfolio are substantially equivalent. The investment policies and restrictions of each FMB Portfolio and its corresponding Monitor Portfolio are substantially similar, but in some cases involve differences that reflect the differences in the general investment strategies utilized by the Monitor Funds.

6. The boards of directors/trustees (the "Boards") of the Monitor Funds and the FMB Funds approved the Reorganization as in the best interests of existing shareholders and determined that the interests of existing shareholders will not be diluted as a result of the Reorganization. The Bank will be responsible for the expenses incurred in connection with the Reorganization.

7. The Board of FMB Funds considered a number of factors in authorizing the Reorganization, including: (a) the investment advisory and other fees paid by the Monitor Portfolios and the lower historical and projected expense ratios of the Monitor Portfolios as compared to the historical expense ratios of the FMB Portfolio; (b) the potential economies of scale that may result from the Reorganization and the potential related cost-savings; (c) the historical investment performance records of the Monitor Portfolios and the FMB Portfolios; (d) the sales load structure applicable to the Investment Shares of the Monitor Portfolios as compared to the higher sales load structure of the Consumer Service Shares of FMB Portfolios; (e) the greater number of investment portfolio options that would be available to shareholders of FMB Portfolios after the Reorganization due to the exchange privileges available within the family of Monitor Funds; (f) the fact that the Reorganization will constitute a tax-free reorganization and that the interests of shareholders will not be diluted as a result of the Reorganization; and (g) the Bank's agreement to pay all expenses in connection with the Reorganization.

8. The Reorganization is subject to a number of conditions precedent, including requirements that: (a) the Reorganization Agreement has been approved by the shareholders of each FMB Portfolio; (b) the FMB Funds and the Monitor Funds have received opinions of counsel stating, among other things, that the Reorganization will constitute a "reorganization" under section 368 of the Internal Revenue Code of 1986, as amended, and, as a consequence, the Reorganization will not result in federal income taxes for the FMB Funds or their shareholders; and (c) the FMB Portfolios and the Monitor Portfolios have received from the SEC an order exempting the Reorganization from the provisions of the Act as requested in the application. Applicants agree not to make any material changes to the proposed Reorganization that affect the applicant without prior SEC approval.

Applicants' Legal Analysis

1. Section 17(a) of the Act provides that it is unlawful for any affiliated person of a registered investment company, or any affiliated person of such person, knowingly: (a) to sell any security or other property to such registered company; or (b) to purchase from such registered company any security or other property. Section 2(a)(3) of the Act defines the term "affiliated person" of another person to

include: (a) any person owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (c) any person controlling, controlled by, or under common control with, such other person; and (d) if such other person is an investment company, any investment adviser of the person.

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) of the Act mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions are satisfied. Applicants believe that the proposed transactions may not be exempt under rule 17a-8 because the Monitor Funds and FMB Funds may be affiliated for reasons other than those set forth in the rule. The FMB Portfolios may be affiliated persons of the Bank because the Bank, as fiduciary for its customers, owns of record or controls or holds with the power to vote 5% or more of the outstanding securities of each FMB Portfolio. The Bank, in turn, is an affiliated person of the Monitor Portfolios because the Bank serves as investment adviser to the Monitor Funds and also owns more than 5% of the outstanding voting shares of Monitor Growth Fund and Monitor Money Market Fund. Consequently, applicants are requesting an order pursuant to section 17(b) of the Act exempting them from section 17(a) to the extent necessary to complete the Reorganization.

3. Section 17(b) of the Act provides that the SEC may exempt a transaction from section 17(a) of the Act if evidence establishes that (a) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act.

4. Applicants submit that the Reorganization satisfies the provisions of section 17(b) of the Act. The Boards, including the independent directors/trustees, have determined that the Reorganization is in the best interests of the shareholders of the Monitor Funds

and the FMB Funds. In approving the Reorganization Agreement, the Boards considered: (a) that the interests of shareholders will not be diluted; (b) that the Funds' investment objectives and policies are generally substantially identical; (c) that no sales charges will be imposed; (d) that the conditions and policies of rule 17a-8 will be followed; and (e) that no overreaching by any affiliated person is occurring.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39694; File No. SR-EMCC-98-01]

Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to the Offering of Shares of Common Stock

February 24, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 18, 1998, the Emerging Markets Clearing Corporation ("EMCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-EMCC-98-01) as described in Items I and II below, which items have been prepared primarily by EMCC. The commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposal.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change relates to the sale of common stock of EMCC.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, EMCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments that it received on the proposed rule change. The text of these statements may be examined at the

¹ 15 U.S.C. 78s(b)(1).