profits, affect control of any Fund, confuse investors or convey a false impression as to the safety of their investments, or be inconsistent with the theory of mutuality of risk. All liabilities created under the Plan would be offset by equal amounts of assets that would not otherwise exist if the fees were paid on a current basis.

3. Section 22(f) prohibits undisclosed restrictions on transferability or negotiability of redeemable securities issued by open-end investment companies. The Plan would set forth all such restrictions, which would be included primarily to benefit the participating trustees and would not adversely affect the interests of the trustee, the Fund or of any shareholder.

4. Sections 22(g) and 23(a) prohibit registered open-end investment companies and closed-end investment companies, respectively, from issuing any of their securities for services or for property other than cash or securities. These provisions prevent the dilution of equity and voting power that may result when securities are issued for consideration that is not readily valued. Applicants believe that the Plan merely would provide for deferral of payment of such fees and thus should be viewed as being issued not in return for services but in return for a Fund not being required to pay such fees on a current basis.

5. Section 13(a)(3) provides that no registered investment company shall, unless authorized by the vote of a majority of its outstanding voting securities, deviate from any investment policy that is changeable only if authorized by shareholder vote. Certain of the Trusts have a fundamental investment restriction specifically or effectively prohibiting them from investing in securities of other investment companies, except in connection with a merger, consolidation or acquisition of assets. Applicants believe that it is appropriate to exempt applicants as necessary from section 13(a)(3) so as to enable the existing Trusts to invest in Underlying Securities without a shareholder vote. Applicants will provide notice to shareholders in the statement of additional information of the deferred fee arrangement with the trustees. The value of the Underlying Securities will be *de minimis* in relation to the total net assets of the respective Fund, and will at all times equal the value of the Fund's obligations to pay deferred fees. Because investment companies that might exist in the future could establish fundamental policies that would accommodate purchases of shares of investment companies in connection with the deferred fee arrangement, the relief requested from section 13(a)(3) would extend to existing Trusts only.

6. Rule 2a–7 imposes certain restrictions on the investments of ''money market funds,'' as defined under the rule, that would prohibit a Fund that is a money market fund from investing in the shares of any other Fund. Applicants believe that the requested exemption would permit the Funds to achieve an exact matching of Underlying Securities with the deemed investments of the Deferred Fee Accounts, thereby ensuring that the deferred fees would not affect net asset value.

7. Section 17(a)(1) generally prohibits an affiliated person of a registered investment company from selling any security to such registered investment company, except in limited circumstances. Funds that are advised by the same entity may be ''affiliated persons'' under section 2(a)(3)(C) of the Act. Applicants believe that an exemption from this provision would not implicate Congress' concerns in enacting section 17(a)(1) but would facilitate the matching of each Fund's liability for deferred trustees' fees with the Underlying Securities that would determine the amount of such Fund's liability. Applicants assert that the proposed transaction satisfies the criteria of sections 6(c) and 17(b).

8. Section 17(d) and rule 17d–1 generally prohibit a registered investment company's joint or joint and several participation with an affiliated person in a transaction in connection with any joint enterprise or other joint arrangement without SEC approval. Under the Plan, participating trustees will not receive a benefit that otherwise would inure to a Fund or its shareholders. When all payments have been made to a participating trustee, the participating trustee will be no better off (apart from the effect of tax deferral) than if he or she had received trustees fees on a current basis and invested them in Underlying Securities.

Applicants' Conditions

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

1. With respect to the requested relief from rule 2a–7, any money market Fund that values its assets by the amortized cost method or the penny-rounding method will buy and hold Underlying Securities that determine the performance of Deferred Fee Accounts to achieve an exact match between such Fund's liability to pay deferred fees and the assets that offset that liability.

2. If a Fund purchases Underlying Securities issued by an affiliated Fund, the purchasing Fund will vote such shares in proportion to the votes of all other holders of shares of such affiliated Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–234 Filed 1–4–95; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 20806; 811–5535]

FN Network Tax Free Money Market Fund, Inc.

December 29, 1994.

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

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

APPLICANT: FN Network Tax Free Money Market Fund, Inc. (the ''Fund'').

RELEVANT ACT SECTION: Section 8(f).

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

FILING DATE: The application was filed on December 8, 1994.

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 January 23, 1995 and should be accompanied by proof of service on the 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, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556–0144.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Law Clerk, at (202) 942–0573, 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.

Applicant's Representations

1. Applicant is an open-end management investment company organized as a Maryland corporation. On April 14, 1988, applicant filed a notice of registration pursuant to section 8(a) of the Act on Form N–8A and a registration statement on Form N–1A to register its shares. The registration statement became effective on June 7, 1988, and the initial public offering commenced on June 28, 1988.

2. On March 8, 1994, applicant's board of directors approved a proposal to liquidate and distribute applicant's assets to shareholders. Shareholders with account values of at least $1,000 were provided with a Notice of Liquidation and Offer of Exchange allowing them the option of exchanging Fund shares for shares of General Municipal Money Market Fund, Inc. (''General Fund''), a money market mutual fund managed by The Dreyfus Corporation, or to redeem their shares with the remaining shareholders. Shareholders were required to respond by April 17, 1994 to accept the offer of exchange. No formal vote by shareholders was required to take any action to exchange out of or to liquidate Fund shares. On April 18, 1994, all outstanding shares of applicant were liquidated at the then-current net asset value of $1.00 per share and the proceeds of such liquidation were paid to the record holders of applicant's shares or exchanged into the General Fund.

3. Distributions to all securityholders in complete liquidation of their interests have been made. No brokerage commissions were incurred.

4. On April 17, 1994, approximately 23,371,812.98 shares of common stock were outstanding at a net asset value of $1.00 per share. At such date, aggregate net assets of applicant were $23,371,812.98.

5. In connection with its liquidation, applicant incurred approximately $4,000 of aggregate expenses, consisting primarily of printing and mailing costs, all of which were paid by FN Investment Center, a subsidiary of 1st Nationwide Bank F.S.B.

6. As of the date of this application, applicant has no outstanding debts or liabilities. Applicant has no shareholders and is not a party to any litigation or administrative proceeding. Applicant is not presently engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding-up of its affairs.

7. Applicant intends to file all documents required to terminate its existence as a Maryland corporation.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–233 Filed 1–4–95; 8:45 am]

BILLING CODE 8010–01–M

Self-Regulatory Organizations; Notice of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating To Numbering and Terminology of Rules and Correction of Cross References

[Release No. 34–35150; File No. SR–NASD–94–64]

December 23, 1994.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78s(b)(1), notice is hereby given that on December 13, 1994, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD.[1] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The NASD is herewith filing a proposed rule change to Articles I, III, IV, V, VII, VIII, IX, XII and XVII of the By-Laws; and Articles I, II, III, IV and V of the Rules of Fair Practice. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

By-Laws

Article I

Definitions

When used in these By-Laws, and any rules of the Corporation, unless the context otherwise requires, the term:

(a) Unchanged.

(b) Unchanged.

[(r)] *(c)* ''Board'' means the Board of Governors of the Corporation.

[(c)] *(d)* ''branch office'' means an office defined as a branch office in *Rule*.[2]

[(d)] *(e)* ''broker'' means any individual, corporation, partnership, association, joint stock company, business trust, unincorporated organization or other legal entity engaged in the business of effecting transactions in securities for the account of others, but does not include a bank;

[(e)] *(f)* ''Commission'' means the Securities and Exchange Commission;

[(f)] *(g)* ''Corporation'' means the National Association of Securities Dealers, Inc.;

[(g)] *(h)* ''dealer'' means any individual, corporation, partnership, association, joint stock company, business trust, unincorporated organization or other legal entity engaged in the business of buying and selling securities for his own account, through a broker or otherwise, but does not include a bank, or any person insofar as he buys or sells securities for his own account, either individually or in some fiduciary capacity, but not as part of a regular business;

[(p)] *(i)* means ''government securities broker'' shall have the same meaning as in Section 3(a)(43) of the Act except that it shall not include financial institutions as defined in Section 3(a)(46) of the Act.

[(q)] *(j)* means ''government securities dealer'' shall have the same meaning as in Section 3(a)(44) of the Act except that it shall not include financial institutions as defined in Section 3(a)(46) of the Act.

[(s)] *(k)* ''Governor'' means a member of the Board.

[(h)] *(l)* ''investment banking or securities business'' means the business, carried on by a broker, dealer, or municipal securities dealer (other than a bank or department or division of a bank), or government securities broker or dealer of underwriting or distributing issues of securities, or of purchasing securities and offering the same for sale as a dealer, or of purchasing and selling securities upon the order and for the account of others;

[(i)] *(m)* ''member'' means any broker or dealer admitted to membership in the Corporation;

[(j)] *(n)* ''municipal securities'' means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States, or any security which is an industrial development

[1] The NASD originally submitted the proposed rule change on November 28, 1994. On December 13, 1994, the NASD filed Amendment No. 1 to its filing requesting that certain language be deleted and substituted with the word ''unchanged.'' This notice reflects the amendment.

[2] Rule numbers will be inserted upon completion of the Manual revision project.