

NYSE Rule 118, on which Section 46 was patterned.

Under NYSE Rule 118, a DNR instruction applies only with respect to cash dividends; i.e., an order with a DNR instruction would be reduced in price and increased in size, in the event of a stock dividend or split, but would not be reduced in price in the event of a cash dividend. In addition, under NYSE Rule 118, a DNI instruction applies only with respect to stock dividends, i.e., an order with a DNI instruction would not be increased in size, but would be reduced in price, in the event of a stock dividend. Because Section 46 was intended to operate in the same manner as NYSE Rule 118, and the NASD has determined to amend the definitions of DNR and DNI to conform to the definitions in Rule 118.

For customers who understand the operation of Section 46 to be the same as NYSE Rule 118, leaving the current definitions in place could result in unexpected executions of open orders for such customers. For example, the price of an order marked DNR would not be adjusted under the current definition in Section 46 even in the event of a 2 for 1 or similar stock dividend, while applying NYSE Rule 118 would result in an adjustment. Such a dividend would halve the quotes for the security, but the order would remain at the original price, far out of line with the market for the security. Thus, the customer could be faced with a purchase execution at twice the new market price for the security, assuming that the original order was priced between the old bid and ask quotations. The apparent rationale behind limiting the application of the DNR instruction to cash dividends under NYSE Rule 118 (and the proposed amendment to Section 46) is that cash dividends are less likely to result in large quotation moves that would place an unadjusted order very far out of line with the market.

Similarly, consistent with Rule 118, a DNI instruction should apply only to order size adjustment in the event of a stock dividend. Because orders are only adjusted (increased) in size in a stock dividend situation, and price is never adjusted upward as a result of a distribution, a DNI instruction would operate to prevent the size of an order from being increased. This will prevent a customer from ending up with more shares than he wanted or intended. Moreover, because a DNI instruction only applies to the size of the order, the price of the order in a dividend situation will be adjusted downward as required by the rule.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act in that the clarification of the definitions of DNR and DNI will alleviate confusion, and order executions that may be harmful to investors, caused by the differences between Section 46 and NYSE Rule 118 and, thereby, remove an impediment to the functioning of the market and protect investors.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others*

Written comments were neither solicited nor received.

**Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve such proposed rule change, or

B. Institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference

Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to file number SR-NASD-94-71 and should be submitted by January 27, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>1</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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[Rel. No. IC-20810; File No. 811-3645]

**Pilgrim Corporate Utilities Fund:  
Notice of Application for Deregistration**

December 29, 1994.

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

**ACTION:** Notice of application for deregistration under the Investment Company Act of 1940 ("Act").

**APPLICANT:** Pilgrim Corporate Utilities 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 13, 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 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 Fifth Street, NW., Washington, D.C. 20549. Applicant, 10100 Santa Monica Boulevard, Los Angeles, California 90067.

**FOR FURTHER INFORMATION CONTACT:** Bradley W. Paulson, Staff Attorney, at (202) 942-0147 or Robert A. Robertson, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

<sup>1</sup> 17 CFR 200.30-3(a)(12).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application is available 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 corporation under the laws of California. On January 6, 1983, applicant registered under the Act and filed a registration statement to register its shares. The registration statement became effective on March 3, 1983, and applicant's initial public offering began on the same day.

2. On March 10, 1994, applicant's board of directors unanimously approved an agreement for the transfer of assets (the "Agreement") entered into by applicant and Lepercq-Istel Trust (the "Company"), an open-end management investment company. The Agreement provides for the transfer of assets from applicant to the Company and for the liquidation of applicant. On July 27, 1994, shareholders holding 55.92% of applicant's outstanding shares approved the Agreement at a meeting called for that purpose.

3. Pursuant to the Agreement, on July 29, 1994, applicant transferred all of its assets and liabilities to the Company in exchange for shares of the Company. The exchange was based on the relative net asset value of applicant and the Company. Thereafter, securityholders of applicant became securityholders of the Company. On the date of the transfer, applicant had an aggregate of 803,193 shares outstanding, and immediately prior to the exchange, the per share net asset value of these shares was \$6.89. No brokerage commission was paid in connection with the reorganization. The total expenses incurred in connection with the transfer of assets and liquidation of applicant, including legal fees, accounting fees, printing expenses, and mailing costs for the proxy solicitation were \$35,000. These expenses were assumed and paid by Lepercq, de Neuflyze & Co., Inc.

4. As of the date of the application, applicant had no securityholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding.

5. Applicant is not engaged in and does not propose to engage in any business activities other than those necessary for the winding-up of its affairs.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## DEPARTMENT OF STATE

### [Public Notice]

#### Shipping Coordinating Committee; Subcommittee on Safety of Life at Sea and Associated Bodies; Working Group on Flag State Implementation; Meeting

The Working Group on Flag State Implementation (FSI) of the Subcommittee on Safety of Life at Sea (SOLAS) will conduct an open meeting on January 31, 1995, at 1:00 p.m. in Room 2415 at Coast Guard headquarters, 2100 Second Street, SW, Washington, DC.

This will be the third meeting of this Working Group following establishment of the FSI Subcommittee. The purpose of the subcommittee is to identify ways to ensure effective and consistent global implementation of International Maritime Organization (IMO) instruments. At this meeting, the U.S. position on documents submitted for consideration at the third session of the FSI Subcommittee, scheduled for February 20-24, 1995, will be discussed.

Specific topics will include: casualty statistics and investigations, the role of the human element in maritime safety, port state control, flag state guidelines, measures to encourage compliance, and technical assistance.

Three U.S. papers will be discussed along with papers submitted as U.S. comments to intersessional correspondence groups. Each of these submissions is described below:

a. Two papers were submitted in response to questionnaires developed by IMO. The first provides general information about the Coast Guard Marine Safety program, including the structure, number of offices, and number of inspectors. The second provides information on the number and level of training of Port State Control Officers.

b. A paper was submitted recommending the development of a consolidated list of organizations authorized to issue International Safety Management (ISM) Code Certificates on behalf of administrations. The paper lists those organizations which the U.S. has authorized to perform these surveys

and issue certificates for voluntary compliance.

c. The U.S. coordinated a correspondence group which dealt with amalgamating existing international port state control guidance into a single document, and expanding this guidance as necessary. The correspondence group developed a draft document, and an additional document proposing that each administration provide a single point of contact for port state control matters.

d. A paper was submitted providing comments to a correspondence group developing guidelines for the implementation of the International Safety Management (ISM) Code.

e. A paper was submitted providing comments to the correspondence group developing specifications for organizations which act on behalf of a flag administration. These guidelines establish minimum requirements for the delegated organization to meet with respect to personnel, capabilities, and training.

Members of the public may request any of the documents relating to FSI 3. Members of the public may attend this meeting up to the seating capacity of the room.

For further information on this FSI Working Group meeting, contact Commander J.M. Holmes at (202) 267-1044, U.S. Coast Guard Headquarters (G-MVI-1), 2100 Second Street, SW, Washington, DC 20593-0001.

Dated: December 20, 1994.

**Marie Murray,**

*Executive Secretary, Shipping Coordinating Committee.*

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## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

[Docket No. 49844]

RIN 2105-AC19

#### Statement of United States International Air Transportation Policy

**AGENCY:** Office of the Secretary, Department of Transportation.

**ACTION:** Request for comments on a report prepared for the Office of the Secretary titled "A Study of International Airline Code Sharing".

**SUMMARY:** The Department of Transportation has issued a study prepared by Gellman Research Associates on international airline code sharing. This topic is relevant to issues raised in the Department's international