

net asset value equal to the net asset value of applicant's assets transferred. Specifically, in exchange for \$241,651,168 of assets transferred, the Money Market Fund issued 241,738,168 Class A shares of common stock.

6. The expenses applicable to the reorganization, consisting of accounting, printing, administrative and certain legal expenses, are estimated to be approximately \$120,000. Applicant and the Money Market Fund each assumed its own expenses related to the reorganization. Applicant's share of the expenses were approximately \$57,500.

7. At the time of filing the application, applicant had no assets, 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.

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

Margaret H. McFarland,
Deputy Secretary.

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[Rel. No. IC-21709; International Series Release No. 922; File No. 812-9656]

PNC Bank, N.A. and PFPC Trustee & Custodial Services Ltd; Notice of Application

January 26, 1996.

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

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

APPLICANTS: PNC Bank, N.A. ("PNC") and PFPC Trustee & Custodial Services ("PFPC").

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from section 17(f) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit PFPC, a subsidiary of PNC, to act as custodian for certain investment companies' foreign assets in Ireland. The order further would permit PFPC to act as primary custodian for all assets of such investment companies and to delegate to PNC all duties and obligations relating to the custody of the investment companies' U.S. assets.

FILING DATE: The application was filed on July 7, 1995 and amended on November 29, 1995. Applicants have agreed to file an amendment, the

substance of which is incorporated herein, during the notice period.

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 February 20, 1996 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, N.W., Washington, D.C. 20549. Applicants, PNC Bank, N.A., Land Title Building, Broad & Chestnut Streets, Philadelphia, Pennsylvania 19110, Attn: Gary M. Gardner, Esq.

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.

Applicants' Representations

1. PNC is a national banking association organized and existing under the laws of the United States, and is regulated by the Comptroller of the Currency under the National Bank Act. As of December 31, 1994, PNC had aggregate capital, surplus and undivided profits exceeding \$3.2 billion. PNC is a wholly-owned indirect subsidiary of PNC Bank Corp., a bank holding company organized under the laws of Pennsylvania and regulated under the Bank Holding Company Act of 1956. PNC provides custodial and other services to registered investment companies, offshore funds, investment advisers, pension funds, other financial institutions, and individuals.

2. PFPC is a wholly-owned indirect subsidiary of PNC. PFPC is a limited purpose corporation supervised by the Central Bank of Ireland under several Irish laws, including the Companies Act 1990, the Unit Trust Act 1990, and the Investment Limited Partnership Act. PFPC was organized in Ireland to provide custody services for PNC's U.S. investment company customers.

3. Applicants request an order exempting PNC, PFPC, any management investment company registered under the Act other than an investment company registered under section 7(d) of the Act (a "U.S. Investment Company"), and any custodian for a U.S. Investment Company, from the provisions of section 17(f) of the Act to the extent necessary to permit: (a) PNC (as custodian or subcustodian for U.S. Investment Companies) or a U.S. Investment Company to deposit, or cause or permit the U.S. Investment Company to deposit, its Foreign Securities, cash, and cash equivalents ("Foreign Assets") with PFPC, as delegate for PNC; (b) PFPC (as custodian or subcustodian) to receive and hold the Foreign Assets of a U.S. Investment Company directly from such U.S. Investment Company, its custodian or subcustodian (other than PNC); or (c) PFPC, upon request by a U.S. Investment Company, to act as primary custodian for all assets of investment companies and to delegate to PNC all duties and obligations relating to the custody of the U.S. Investment Company's U.S. Assets. As used herein, the term "Foreign Securities" includes (i) securities issued and sold primarily outside the U.S. by a foreign government, a national or any foreign country, or a corporation or other organization incorporated or organized under the laws of any foreign country; and (ii) securities issued or guaranteed by the U.S. Government or by any state or any political subdivision or any agency thereof or by any entity organized under the law of the U.S. or any state thereof which have been issued and sold primarily outside the U.S. The term "U.S. Assets" includes securities, cash and cash equivalents other than Foreign Assets.

4. PFPC would provide custody services required in Ireland as delegate for PNC, when PNC acts as custodian or subcustodian for a U.S. Investment Company, or directly, as custodian or subcustodian for a U.S. Investment Company for the investment company's Foreign Assets. In addition, if requested by a U.S. Investment Company, PFPC would act as primary custodian for that company's assets and delegate to PNC all custody services to be provided to the company with respect to the U.S. Assets. In each case, PNC will assume liability for any loss caused by PFPC. Thus, there will be no difference in the nature or extent of PNC's liability based on whether such services are provided by PFPC directly or as PNC's delegate.

5. PFPC proposes to act as primary custodian for assets of a U.S. Investment Company to accommodate certain

master/feeder arrangements. Applicants state that, under the master/feeder investment structure, investment management and custodial activities are performed at the master portfolio level, and marketing, distribution, and shareholder servicing functions are performed at the feeder fund level. Under these master/feeder arrangements, the master portfolio is a registered investment company, and feeder funds may consist of registered and unregistered foreign and domestic entities.

6. Applicants represent that the Central Bank of Ireland has stated that it may be more willing to grant regulatory approval of Irish feeder fund investments in U.S. master funds if primary custody of the master fund's assets is maintained in Ireland so that the Central Bank can monitor the safekeeping of the master fund's assets. Applicants contend that, by utilizing PFPC to maintain primary custody of a master fund's assets, the fund's sponsor can provide Irish regulators with the ability to monitor custodial procedures affecting the interest of Irish feeder funds. Applicants assert that, because PNC will (a) supervise all aspects of PFPC's custody arrangements with U.S. Investment Companies; (b) assume direct responsibility for maintaining custody of U.S. Assets in the U.S.; and (c) be liable for any loss arising out of or in connection with PFPC's performance or custodial responsibilities, there is greater assurance that custodial services will be provided in accordance with U.S. standards, and U.S. regulators will have jurisdiction over the custodial arrangements.

Applicants' Legal Conclusions

1. Section 17(f) of the Act requires every registered management investment company to place and maintain its securities and similar investments in the custody of certain entities, including "banks" having aggregate capital, surplus and undivided profits of at least \$500,000. A "bank," as defined in section 2(a)(5) of the Act includes (a) a banking institution organized under the laws of the U.S.; (b) a member of the Federal Reserve System; and (c) any other banking institution or trust company doing business under the laws of any state or of the U.S., and meeting certain requirements. Therefore, the only entities located outside the U.S. which section 17(f) authorizes to serve as custodians for registered management investment companies are the overseas branches of U.S. banks.

2. Rule 17f-5 under the Act expands the group of entities that are permitted to serve as foreign custodians. Rule 17f-5(c)(2)(ii) defines the term "Eligible Foreign Custodian" to include a majority-owned direct or indirect subsidiary of a qualified U.S. bank or bank-holding company that is incorporated or organized under the laws of a country other than the U.S. and that has shareholders' equity in excess of \$100 million. Rule 17f-5(c)(3) defines the term "Qualified U.S. Bank" to include a banking institution organized under the laws of the U.S. that has an aggregate capital, surplus and undivided profit of not less than \$500,000. PNC meets the definition of a Qualified U.S. Bank.

3. While PFPC satisfies the requirements of rule 17f-5 insofar as it is a wholly-owned indirect subsidiary of PNC Bank Corp. and is incorporated under the laws of Ireland, it does not meet the rule's \$100 million minimum shareholders' equity requirement. Accordingly, PFPC does not qualify as an Eligible Foreign Custodian under rule 17f-5 and, absent exemptive relief, could not serve as custodian for the Foreign Assets of U.S. Investment Companies.

4. Applicants assert that PNC's U.S. Investment Company customers currently must incur the inconvenience of using the services of a custodian other than PNC to maintain custody of their Foreign Assets in Ireland. Applicants contend that those customers who keep a single custody account with PNC suffer the inconvenience and expense associated with moving Foreign Securities away from their primary market or foregoing effecting transactions in the particular securities market. However, PNC's U.S. Investment Company customers would not be forced to choose between such inconveniences if they and PNC were permitted access to PFPC's custody services.

5. Applicants also assert that the requested order would facilitate Irish feeder fund investments in U.S. master funds. Applicants believe that certain U.S. Investment Companies that invest in Irish Foreign Securities may wish to obtain the benefit of PNC's consolidated custody services while using PFPC's services as primary custodian. Such an arrangement would allow customers whose holdings are principally Foreign Securities the advantage of having one custodian handle all custody issues and of having a single custody account and account statement. Under a custody arrangement in which PFPC is primary custodian for a U.S. Investment Company's Assets and PNC acts as

subcustodian for the U.S. Assets, the U.S. Assets would have the same protection as if held directly by PNC, and PNC would remain fully liable to the U.S. Investment Companies to the same extent as if it provided custody services to such companies directly.

6. Applicants represent that the protection afforded the assets of U.S. Investment Companies held by PFPC would not be diminished from the protection afforded by rule 17f-5. PNC will maintain records reflecting the ownership of the assets held by PFPC as primary or subcustodian for U.S. Investment Companies, and these records will identify each security held by each U.S. Investment Company. PFPC will also maintain its own records. All movements of money effected through PFPC and all assets held by PFPC will be monitored, recorded, and tested by PNC. Accordingly, when PFPC, in its capacity as primary custodian, receives instructions relating to the disposition of the assets of a U.S. Investment Company, PNC will be provided the same information contemporaneously. Moreover, all transactions effected through PFPC as primary or subcustodian will be done on a payment versus delivery basis.

7. Internal compliance personnel presently employed by PNC or its affiliates will advise PFPC on establishing procedures and controls. Thus, applicants represent that safeguards substantially equal to those provided by PNC's U.S. operations will be in place and that PFPC will provide uniform procedures for custody administration.

8. Applicants assert that PNC's role as supervisor addresses the custodian specific risks to U.S. Investment Company Assets identified by rule 17f-5. PNC will assure that safeguards consistent with U.S. standards will be employed to maintain the safety of U.S. Investment Company Assets held by PFPC. Moreover, because a U.S. Investment Company may pursue a claim for recovery against PNC in the event of a loss caused by PFPC, regardless of whether PFPC acts as PNC's delegate or as direct custodian or primary custodian, U.S. jurisdiction over claims of U.S. Investment Companies is assured.

9. Applicants believe that permitting U.S. Investment Companies access to PFPC's custody services as subcustodian, direct custodian, or primary custodian will allow those companies to obtain the same quality of services for both their Foreign Securities and their U.S. securities, and at the same time will give PFPC's U.S.

Investment Company customers the greatest flexibility and convenience in custody arrangements.

10. Section 6(c) of the Act provides, in relevant part, that the SEC may 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. Applicants believe the requested order satisfies this standard.

Conditions

Applicants agree that any order of the SEC granting the requested relief may be conditioned upon the following:

1. The foreign custody arrangement proposed regarding PFPC will satisfy the requirements of rule 17f-5 in all respects other than PFPC's level of shareholders' equity, except to the extent that relief may be needed for PFPC to act as primary custodian for U.S. Investment Companies under the specific terms provided in the application.

2. PNC, any U.S. Investment Company, and any custodian for a U.S. Investment Company, will deposit Foreign Assets with PFPC only in accordance with an agreement (the "Agreement") required to remain in effect at all times during which PFPC fails to satisfy the requirements of rule 17f-5 (and during which such Foreign Assets remain deposited with PFPC). Each Agreement will be a three-party agreement among PNC, PFPC and the U.S. Investment Company or the custodian for a U.S. Investment Company pursuant to which PNC or PFPC, as the case may be, will undertake to provide specified custody services. If PNC is acting as a custodian for the U.S. Investment Company, the Agreement will authorize PNC to delegate to PFPC such of the duties and obligations of PNC as will be necessary to permit PFPC to hold in custody the U.S. Investment Company's Foreign Assets. If PNC is not acting as a custodian for the U.S. Investment Company, the Agreement will authorize PFPC to provide custody services directly, and no delegation from PNC to PFPC will be necessary. In each case, the Agreement will provide that PNC will be liable for any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance by PFPC of its responsibilities under the Agreement to the same extent as if PNC had itself been required to provide custody services under the Agreement. Further, the

Agreement will specifically provide that, in the event of loss, a U.S. Investment Company may pursue a claim for recovery against PNC, regardless of whether PFPC acted as PNC's delegate or as direct custodian or subcustodian.

3. PFPC will act as primary custodian for a U.S. Investment Company's Assets only in accordance with a supplement or addendum to the Agreement (the "Supplemental Agreement"), which would be required to remain in effect at all times, regardless of whether PFPC satisfies the requirements of rule 17f-5. PFPC will act as primary custodian for a U.S. Investment Company's Assets only if PFPC is also custodian for the Company's Foreign Assets. The Supplemental Agreement will provide that PFPC will delegate to PNC all of the duties and obligations of PFPC necessary to permit PNC to provide full and complete custody services with respect to the U.S. Investment Company's U.S. Assets. PNC will remain directly liable to the U.S. Investment Company under the Agreement, for any loss, damage, cost, expense, liability or claim arising out of or in connection with the performance of PFPC of its responsibilities under the Agreement, including the Supplemental Agreement.

4. PNC currently satisfies and will continue to satisfy the Qualified U.S. Bank requirement set forth in rule 17f-5(c)(3).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-2061 Filed 1-31-96; 8:45 am]

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[Release No. 35-26464]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

January 26, 1996.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by February 20, 1996, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Allegheny Power System, Inc., et al.
(70-7888)

Allegheny Power System, Inc. ("Allegheny"), Tower Forty Nine, 12 East 49th Street, New York, New York 10017, a registered holding company, Allegheny Power Service Corporation ("APSC"), 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601, Allegheny's service company subsidiary, three electric utility subsidiary companies of Allegheny—(i) Monongahela Power Company ("Monongahela"), 1310 Fairmont Avenue, Fairmont, West Virginia 26554, (ii) The Potomac Edison Company ("Potomac Edison"), 10435 Downsview Pike, Hagerstown, Maryland 21740, and (iii) West Penn Power Company ("West Penn"), 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601, and Allegheny Generating Company ("AGC"), Tower Forty Nine, 12 East 49th Street, New York, New York 10017, an electric public utility subsidiary of Monongahela, Potomac Edison and West Penn (collectively, "Applicants") have filed a post-effective amendment to their application-declaration filed under sections 6(a), 7, 9(a), 10 and 12(b) and rules 45, 53 and 54 thereunder.

By order dated November 28, 1995 (HCAR No. 26418) ("November 1995 Order"). Applicants were authorized to engage in the following transactions from December 31, 1995 to December 31, 1997: (i) Issuance of promissory notes for short-term bank borrowing by Allegheny, Potomac Edison, Monongahela, West Penn and AGC; (ii) issuance and sale of commercial paper by Allegheny, Monongahela, Potomac Edison, West Penn and AGC; (iii) entry into a revolving credit facility by AGC and the issuance of notes to evidence borrowing thereunder; (iv) guarantees