

**[Investment Company Act Release No. 22519; 811-1149]**

**Pennsylvania Mutual Fund; Notice of Application**

February 19, 1997.

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

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

**APPLICANT:** Pennsylvania Mutual Fund.  
**RELEVANT ACT SECTIONS:** Order requested under section 8(f).

**FILING DATES:** The application was filed on September 20, 1996, and amended on February 6, 1997.

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

**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 14, 1997, 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, N.W., Washington, D.C. 20549. Applicant, c/o Quest Advisory Corp., 1414 Avenue of the Americas, New York, NY 10019.

**FOR FURTHER INFORMATION CONTACT:** Kathleen L. Knisely, Staff Attorney, at (202) 942-0517 (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, a registered open-end management investment company, is organized as a business trust which is registered under the Delaware Business Trust Act. On or about January 31, 1962, applicant registered under the Act. On March 21, 1962, applicant filed a registration statement under the Securities Act of 1933 which became effective August 17, 1962, and

subsequently made a public offering of its shares.

2. On April 18, 1996, applicant's trustees approved an Agreement and Plan of Merger ("Plan"), under which all of the assets and debts of the applicant would be transferred to the Pennsylvania Mutual Fund series of The Royce Fund, a Delaware business trust registered under the Act as an open-end management investment company, in exchange for shares of the Pennsylvania Mutual Fund series of The Royce Fund. Pursuant to rule 17a-8 under the Act,<sup>1</sup> applicant's trustees found that the Plan was in the best interests of applicant and that the interests of the existing shareholders would not be diluted as a result of the proposed reorganization.

3. As of June 27, 1996, applicant had one class of shares, consisting of 56,045,686.017 shares outstanding with a net asset value of \$8.15 per share and an aggregate net asset value of \$456,772,341.03.

4. Effective June 28, 1996, applicant transferred its assets to the Pennsylvania Mutual Fund series of The Royce Fund. In total, shareholders of applicant received shares of the Pennsylvania Mutual Fund series of The Royce Fund having an aggregate net asset value equal to applicant's net asset value at the time of the reorganization.

5. Expenses incurred in connection with the Plan consisted of legal fees, postage, and registration in some states and totaled \$72,201.32. Pursuant to the Plan, expenses were shared by applicant and The Royce Fund in proportion to their respective assets. Accordingly, applicant paid \$10,744.66 for registration and filing fees, \$900.85 for postage, and \$26,973.81 in legal fees. The Royce Fund incurred the balance, with expenses being allocated among the series of The Royce Fund, not including the newly-created Pennsylvania Mutual Fund series.

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

7. On June 28, 1996, applicant was a party to a Certificate of Merger filed with the State of Delaware.

<sup>1</sup> Rule 17a-8 provides an exemption from section 17(a) of the Act for certain reorganizations among registered investment companies that may be affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 97-4670 Filed 2-25-97; 8:45 am]

BILLING CODE 8010-01-M

**[Release No. 34-38314; File No. SR-MBSCC-96-08]**

**Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Liens on Participants' Property**

February 19, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 20, 1996, the MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MRSCC-96-08) as described in Items I, II, and III below, which items have been prepared primarily by MBSCC. On January 3, 1997, and January 14, 1997, MBSCC filed amendments to the proposed rule change.<sup>2</sup> 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 proposed rule change modifies MBSCC's rules to explicitly state that MBSCC has a lien on all property placed in MBSCC's possession by its participants.

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

In its filing with the Commission, MBSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change.

The text of these statements may be examined at the places specified in Item IV below. MBSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>3</sup>

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> Letters from Julie Beyers, Associate Counsel, MBSCC (January 3, 1997, and January 14, 1997).

<sup>3</sup> The Commission has modified the text of the summaries prepared by MBSCC.

*(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

The purpose of the proposed rule change is to modify MBSCC's rules to explicitly state that MBSCC has a lien on all property placed in its possession by its participants. Unlike other clearing organizations, MBSCC's rules do not contain specific language stating that MBSCC has such a lien.<sup>4</sup> However, according to MBSCC, MBSCC always intended to have a lien on all property placed in its possession by its participants. Therefore, in order to clarify this issue, the proposed rule change adds language providing MBSCC with assurances that, in the event one of its participants fails to discharge its liabilities, MBSCC will have first priority with respect to the participant's property in MBSCC's possession. The proposed rule change also revises MBSCC's rules to clarify that any cash received with respect to any deposits to MBSCC's participants fund and not yet distributed to a participant is available to MBSCC for satisfaction of participant liabilities.

MBSCC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act<sup>5</sup> and the rules and regulations thereunder because it will facilitate the prompt and accurate clearance and settlement of securities transactions.

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

MBSCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. MBSCC will notify the Commission of any written comments received by MBSCC.

<sup>4</sup> For example, the rules of the National Securities Clearing Corporation ("NSCC") and the International Securities Clearing Corporation ("ISCC") provide NSCC and ISCC with liens on property placed in their possession by their participants. The language contained in the present proposed rule change is substantially similar to the language contained in NSCC's and ISCC's respective rules. NSCC Rule 18, Section 2(f) and ISCC Rule 18, Section 3.

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

Within thirty-five 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 ninety 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 MBSCC 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 N.W., Washington, D.C. 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, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of MBSCC. All submissions should refer to the file number SR-MBSCC-96-08 and should be submitted by March 19, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

Margaret H. McFarland,  
Deputy Secretary.

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<sup>6</sup> 17 CFR 200.30-3(a)(12).

[(Release No. 34-38313); File No. SR-PTC-96-06]

**Self-Regulatory Organizations; Participants Trust Company; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Authorize the Release of Clearing Data**

February 19, 1997.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on November 22, 1996, the Participants Trust Company ("PTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared primarily by PTC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

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

The proposed rule change modifies Article VI of PTC's rules to add a new Rule 14 which authorizes PTC to release transaction and other data relating to participants obtained by PTC in the normal course of business.

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

In its filing with the Commission, PTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. PTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

*(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

The purpose of the proposed rule change is to modify Article VI of PTC's rules to add a new Rule 14 which authorizes PTC to release transaction and other data relating to participants obtained by PTC in the normal course of its business. The rule will permit PTC to disclose such data to (1) regulatory, self-regulatory, other similar organizations, (2) clearing organizations which are under the oversight of the

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified the text of the summaries prepared by PTC.