

*Filing Date:* The application was filed on June 6, 2002.

*Applicant's Address:* 100 North Wiget Ln., Walnut Creek, CA 94598.

**Phillips Capital Investments, Inc. [File No. 811-5245]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On December 21, 2001, applicant made a liquidating distribution to its shareholders based on net asset value. Applicant incurred no expenses in connection with the liquidation.

*Filing Date:* The application was filed on May 28, 2002.

*Applicant's Address:* 18007 Old Preston Court, Dallas, TX 75252.

**Questar Funds, Inc. [File No. 811-8655]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. Applicant consists of three separate series: MacroTends Fund, Imperial Financial Services Fund and Excalibur Fund (formerly Phoenix Management Fund). By March 13, 2002, all of applicant's shareholders had redeemed their shares based on net asset value. Expenses of \$8,690, \$8,650 and \$8,812 were incurred in connection with the liquidation and were paid, respectively, by each series of applicant.

*Filing Date:* The application was filed on May 28, 2002.

*Applicant's Address:* 1500 Forest Ave., Suite 223, Richmond, VA 23229.

**SHARCS Trust I [File No. 811-21025]**

*Summary:* Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering or engage in business of any kind.

*Filing Dates:* The application was filed on May 16, 2002, and amended on June 2, 2002.

*Applicant's Address:* c/o Salomon Smith Barney Inc., 388 Greenwich St., New York, NY 10013.

**American Municipal Term Trust Inc. II [File No. 811-6356]**

**Minnesota Municipal Term Trust Inc. [File No. 811-6359]**

*Summary:* Each applicant seeks an order declaring that it has ceased to be an investment company. On April 10, 2002, each applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of \$12,810 and \$12,621, respectively, were incurred in connection with the liquidations and were paid by each applicant.

*Filing Dates:* The applications were filed on April 30, 2002, and amended on May 30, 2002.

*Applicants' Address:* 800 Nicollet Mall, Minneapolis, MN 55402.

**Mercury Target Select Equity Fund, Inc. [File No. 811-10037]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On November 26, 2001, applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of \$4,500 incurred in connection with the liquidation were paid by Merrill Lynch Investment Managers, parent of applicant's sub-adviser.

*Filing Dates:* The application was filed on January 30, 2002, and amended on May 30, 2002.

*Applicant's Address:* 800 Scudders Mill Rd., Plainsboro, NJ 08536.

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

**Jill M. Peterson,**  
Assistant Secretary.

[FR Doc. 02-16846 Filed 7-3-02; 8:45 am]

**BILLING CODE 8010-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

**[Investment Company Act Release No. 25642 ; 812-12498]**

**Vision Group of Funds, et al.; Notice of Application June 28, 2002.**

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

**ACTION:** Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act.

*Summary of the Application:* The order would permit applicants to enter into and materially amend subadvisory agreements without shareholder approval.

*Applicants:* Vision Group of Funds (the "Trust") and Manufacturers and Traders Trust Company ("M&T").

*Filing Dates:* The application was filed on April 4, 2001 and amended on June 27, 2002.

*Hearing or Notification of Hearing:* An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving the applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission

by 5:30 p.m. on July 23, 2002, 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 Commission's Secretary.

**ADDRESSES:** Secretary, Commission, 450 5th Street, NW, Washington, DC 20549-0609. Applicants, c/o C. Grant Anderson, Esq., Federated Services Company, Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222-3779.

**FOR FURTHER INFORMATION CONTACT:** Marilyn Mann, Senior Counsel, at (202) 942-0582, 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 Commission's Public Reference Branch, 450 5th Street, NW, Washington, DC 20549-0102 (tel. 202-942-8090).

**Applicants' Representations**

1. The Trust, a Delaware business trust, is registered under the Act as an open-end management investment company. The Trust currently offers eighteen series ("Funds"), each of which has its own investment objectives, policies and restrictions. M&T Asset Management (the "Adviser"), a department of M&T, is registered under the Investment Advisers Act of 1940 (the "Advisers Act"), and serves as the investment adviser to the Funds. M&T is a national banking association and is wholly owned by M&T Bank Corporation, a bank holding company.

2. Applicants also request relief with respect to any existing or future registered open-end management investment company or series thereof that (a) is advised by the Adviser or any entity controlling, controlled by or under common control with the Adviser; (b) uses the adviser/subadviser structure that is described in the application; and (c) complies with the terms and conditions in the application (together with any current or future series of the Trust, the "Funds").

3. The Adviser serves as the investment adviser to each Fund pursuant to an investment advisory agreement with the Trust ("Advisory Agreement") that was approved by the board of trustees of the Trust (the

“Board”), including a majority of the trustees who are not “interested persons,” as defined in section 2(a)(19) of the Act (“Independent Trustees”), and the shareholders of each Fund. Under the terms of the Advisory Agreement, the Adviser manages the investment of assets of each Fund and may, subject to oversight by the Board, hire one or more subadvisers (“Subadvisers”) to provide portfolio management services to each of the Funds pursuant to separate investment advisory agreements (“Subadvisory Agreements”). Each Subadviser is an investment adviser registered under the Advisers Act. Subadvisers are recommended to the Board by the Adviser and selected and approved by the Board, including a majority of the Independent Trustees. Each Subadviser’s fees are paid by the Adviser out of the management fees received by the Adviser from the respective Fund.<sup>1</sup>

4. The Adviser monitors the Funds and the Subadvisers and makes recommendations to the Board regarding allocation, and reallocation, of assets between Subadvisers and is responsible for recommending the hiring, termination and replacement of Subadvisers. The Adviser recommends Subadvisers based on a number of factors used to evaluate their skills in managing assets pursuant to particular investment objectives.

5. Applicants request relief to permit the Adviser, subject to the Board’s approval, to enter into and materially amend Subadvisory Agreements without shareholder approval. The requested relief would not extend to any Subadviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Trust or the Adviser, other than by reason of serving as a Subadviser to one or more of the Funds (an “Affiliated Subadviser”).

#### Applicants’ Legal Analysis

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by the vote of the company’s outstanding voting securities. Rule 18f-2 under the act provides that each series or class of stock in a series company affected by a

matter must approve such matter if the Act requires shareholder approval.

2. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction or any class or classes of persons, securities, or transactions from any provision of the Act, or from any rule thereunder, to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants state that the requested relief meets this standard for the reasons discussed below.

3. Applicants assert that the Funds’ shareholders rely on the Adviser to select the Subadvisers best suited to achieve a Fund’s investment objectives. Applicants assert that, from the perspective of the investor, the role of the Subadvisers is comparable to that of individual portfolio managers employed by other investment advisory firms. Applicants submit that the requested relief will reduce the Funds’ expenses associated with shareholder meetings and proxy solicitations, and enable the Funds to operate more efficiently. Applicants also note that the Advisory Agreement will remain subject to section 15(a) of the Act and rule 18f-2 under the Act.

#### Applicants’ Conditions

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

1. Before a Fund may rely on the requested order, the operation of the Fund, as described in the application, will be approved by the vote of a majority of the Fund’s outstanding voting securities, as defined in the Act, or in the case of a Fund whose public shareholders purchased shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the initial shareholders before offering shares of that Fund to the public.

2. Each Fund relying on the requested relief will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to the application. In addition, each Fund will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Adviser has ultimate responsibility, subject to review of the Board, to monitor and evaluate Subadvisers and recommend their hiring, termination and replacement.

3. At all times, a majority of the Board will be Independent Trustees, and the nomination of new or additional

Independent Trustees will be at the discretion of the then-existing Independent Trustees.

4. The Adviser will not enter into a Subadvisory Agreement with an Affiliated Subadviser without that agreement, including the compensation to be paid under it, being approved by the shareholders of the applicable Fund.

5. When a Subadviser change is proposed for a Fund with an Affiliated Subadviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the Trust’s Board minutes, that the change is in the best interests of the Fund and its shareholders, and does not involve a conflict of interest from which the Adviser or the Affiliated Subadviser derives an inappropriate advantage.

6. Within 90 days of the hiring of a new Subadviser, the Adviser will furnish shareholders of the affected Fund with the information about the Subadviser that would be included in a proxy statement. The information will include any changes caused by the addition of the new Subadviser. The Adviser will meet this condition by providing shareholders of the applicable Fund with an information statement meeting the requirements of Regulation 14C, Schedule 14C, and Item 22 of Schedule 14A under the Securities Exchange Act of 1934.

7. The Adviser will provide general management services to the Funds including overall supervisory responsibility for the general management and investment of each Fund’s securities portfolio and, subject to review and approval by the Board, will (a) set each Fund’s overall investment strategies; (b) evaluate, select, and recommend Subadvisers to manage all or a part of a Fund’s assets; (c) when appropriate, allocate and reallocate the Fund’s assets among multiple Subadvisers; (d) monitor and evaluate the performance of the Subadvisers; and (e) implement procedures reasonably designed to ensure that the Subadvisers comply with the Fund’s investment objectives, restrictions and policies.

8. No trustee or officer of the Trust or director or officer of the Adviser will own, directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such director, trustee, or officer), any interest in a Subadviser except for: (a) Ownership of interests in the Adviser or any entity that controls, is controlled by, or under common control with the Adviser, or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt securities of any publicly traded company that is either

<sup>1</sup> The Trust is the only existing investment company that currently intends to rely on the order. Applicants represent that if the name of any Fund contains the name of a Subadviser that is not an Affiliated Subadviser as defined below, it will also contain the name of the Adviser, which will appear before the name of the Subadviser.

a Subadviser or an entity that controls, is controlled by, or is under common control with a Subadviser.

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

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46139; File No. S7-24-89]

### Joint Industry Plan; Notice of Filing and Partial Summary Effectiveness of Amendment No. 13 to the Reporting Plan for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, Submitted by the National Association of Securities Dealers, Inc., the Boston Stock Exchange, Inc., the Chicago Stock Exchange, Inc., the Cincinnati Stock Exchange, the Pacific Exchange, the American Stock Exchange LLC, and the Philadelphia Stock Exchange, Inc.

June 28, 2001.

#### I. Introduction

Pursuant to Rule 11Aa3-2<sup>1</sup> and Rule 11Aa3-1<sup>2</sup> under the Securities Exchange Act of 1934 ("Act" or "Exchange Act"), notice is hereby given that on May 31, 2002, the Cincinnati Stock Exchange Inc. ("CSE") on behalf of itself and the National Association of Securities Dealers, Inc. ("NASD"), the American Stock Exchange LLC ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Stock Exchange, Inc. ("CHX"), the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. ("PHLX") (hereinafter referred to as "Participants"),<sup>3</sup> as members of the operating committee ("Operating Committee" or "Committee")<sup>4</sup> of the Plan submitted to the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend the Plan. The proposal represents the 13th amendment ("13th Amendment") made

to the Plan and reflects several changes unanimously adopted by the Committee. The Commission is putting into effect summarily part of the 13th Amendment, granting an exemption under Rule 11Aa3-2(f)<sup>5</sup> from compliance with Section VI.C.1. of the Plan as required by Rule 11Aa3-2(d),<sup>6</sup> and publishing this notice to solicit comments from interested persons on the 13th Amendment generally.

#### II. Background

The Plan governs the collection, consolidation, and dissemination of quotation and transaction information for Nasdaq/National Market ("Nasdaq/NM") and Nasdaq SmallCap securities listed on Nasdaq or traded on an exchange pursuant to unlisted trading privileges ("UTP").<sup>7</sup> The Plan provides for the collection from Plan Participants, and the consolidation and dissemination to vendors, subscribers and others, of quotation and transaction information in "eligible securities."<sup>8</sup> The Plan contains various provisions concerning its operation, including: Implementation of the Plan; Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information; Reporting Requirements (including hours of operation); Standards and Methods of Ensuring Promptness, Accuracy and Completeness of Transaction Reports; Terms and Conditions of Access; Description of Operation of Facility Contemplated by the Plan; Method and Frequency of Processor Evaluation; Written Understandings of Agreements Relating to Interpretation of, or Participation in, the Plan; Calculation of the Best Bid and Offer ("BBO"); Dispute Resolution; and Method of Determination and Imposition, and Amount of Fees and Charges.

<sup>5</sup> 17 CFR 240.11Aa3-2(f).

<sup>6</sup> 17 CFR 240.11Aa3-2(d).

<sup>7</sup> Section 12 of the Act generally requires an exchange to trade only those securities that the exchange lists, except that Section 12(f) of the Act permits UTP under certain circumstances. For example, Section 12(f) of the Act, among other things, permits exchanges to trade certain securities that are traded over-the-counter ("OTC/UTP"), but only pursuant to a Commission order or rule. For a more complete discussion of the Section 12(f) requirement, see November 1995 Extension Order, *infra* note .

<sup>8</sup> Pursuant to the 13th Amendment, the Plan defines "Eligible Securities" as any Nasdaq/NM or Nasdaq SmallCap listed security, as defined in Nasdaq Rule 4200: (i) As to which UTP have been granted to a national securities exchange pursuant to Section 12(f) of the Act; or (ii) which also is listed on a national securities exchange other than Nasdaq. Moreover, the definition states that "Eligible Securities" shall not include any security that is defined as an "Eligible Security" within Section VII of the Consolidated Tape Association Plan.

The Commission originally approved the Plan on a pilot basis on June 26, 1990.<sup>9</sup> The parties did not begin trading until July 12, 1993, accordingly, the pilot period commenced on July 12, 1993. The Plan has since been in operation on an extended pilot basis.<sup>10</sup>

#### III. Description and Purpose of the Amendment

The complete text of the Plan, as amended, is attached as Exhibit A. The following is a summary of the proposed changes to the Plan prepared by the Participants. Each category of amendments listed below will have distinct effectiveness dates as noted by each category title and as discussed in Section IV below.

##### *Category 1: Effective Upon Nasdaq's Exchange Registration*

1. Section I.A.8. of the Plan has been added to reflect the addition of The Nasdaq Stock Market, Inc. as a new and separate signatory to the Plan.

2. Section III.B. of the Plan, which defines "Eligible Security," is amended to reflect that such securities will be listed on a national securities exchange and to clarify that Eligible Security under the Plan shall not include any security that is an "Eligible Security" within the Consolidated Tape Association Plan. Finally, Section III.B. is amended to reflect that securities will cease to be Eligible Securities based upon a suspension from trading, and to establish a procedure for determining

<sup>9</sup> See Securities Exchange Act Release No. 28146, 55 FR 27917 (July 6, 1990) ("1990 Plan Approval Order").

<sup>10</sup> See Securities Exchange Act Release Nos. 34371 (July 13, 1994), 59 FR 37103 (July 20, 1994); 35221 (January 11, 1995), 60 FR 3886 (January 19, 1995); 36102 (August 14, 1995), 60 FR 43626 (August 22, 1995); 36226 (September 13, 1995), 60 FR 49029 (September 21, 1995); 36368 (October 13, 1995), 60 FR 54091 (October 19, 1995); 36481 (November 13, 1995), 60 FR 58119 (November 24, 1995) ("November 1995 Extension Order"); 36589 (December 13, 1995), 60 FR 65696 (December 20, 1995); 36650 (December 28, 1995), 61 FR 358 (January 4, 1996); 36934 (March 6, 1996), 61 FR 10408 (March 13, 1996); 36985 (March 18, 1996), 61 FR 12122 (March 25, 1996); 37689 (September 16, 1996), 61 FR 50058 (September 24, 1996); 37772 (October 1, 1996), 61 FR 52980 (October 9, 1996); 38457 (March 31, 1997), 62 FR 16880 (April 8, 1997); 38794 (June 30, 1997) 62 FR 36586 (July 8, 1997); 39505 (December 31, 1997) 63 FR 1515 (January 9, 1998); 40151 (July 1, 1998) 63 FR 36979 (July 8, 1998); 40896 (December 31, 1998), 64 FR 1834 (January 12, 1999); 41392 (May 12, 1999), 64 FR 27839 (May 21, 1999) ("May 1999 Approval Order"); 42268 (December 23, 1999), 65 FR 1202 (January 6, 2000); 43005 (June 30, 2000), 65 FR 42411 (July 10, 2000); 44099 (March 23, 2001), 66 FR 17457 (March 30, 2001); 44348 (May 24, 2001), 66 FR 29610 (May 31, 2001); 44552 (July 13, 2001), 66 FR 37712 (July 19, 2001); 44694 (August 14, 2001), 66 FR 43598 (August 20, 2001); 44804 (September 17, 2001), 66 FR 48299 (September 19, 2001); 45081 (November 19, 2001), 66 FR 59273 (November 27, 2001).

<sup>1</sup> 17 CFR 240.11Aa3-2.

<sup>2</sup> 17 CFR 240.11Aa3-1.

<sup>3</sup> The CSE was elected chair of the Operating Committee for the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis ("Nasdaq UTP Plan" or "Plan") by the Participants.

<sup>4</sup> Among other things, the 13th Amendment shall add the Nasdaq Stock Market, Inc. ("Nasdaq") as a Participant. The Committee is made up of all the Participants.