SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25116; 812–12568]

Mutual Fund Trust, et al.; Notice of Application

August 17, 2001.

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

ACTION: Notice of application under section 17(b) of the Investment Company Act of 1940 (''Act'') for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain series of registered open-end management investment companies to acquire all of the assets and liabilities of certain series of registered open-end management investment companies. Because of certain affiliations, applicants may not rely on rule 17a–8 under the Act.

APPLICANTS: Mutual Fund Trust (''MFT''), Mutual Fund Group (''MFG''), J.P. Morgan Funds (''JPMF''), J.P. Morgan Institutional Funds (''JMIF''), J.P. Morgan Series Trust (''JPMST'') (each, a ''Trust,'' and collectively, the ''Trusts''), J.P. Morgan Fleming Asset Management (USA) Inc. (''JPMFAM''), and J.P. Morgan Investment Management Inc. (''JPMIM'').

FILING DATES: The application was filed on July 2, 2001 and amended on August 17, 2001. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

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 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 September 6, 2001, and should be accompanied 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 may request notification of a hearing by writing to the Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW, Washington, DC 20549–0609. Applicants: c/o Joseph J. Bertini, JPMIM, 522 Fifth Avenue, New York, NY 10036.

FOR FURTHER INFORMATION CONTACT: Laura J. Riegel, Senior Counsel, at (202) 942–0567, or Michael W. Mundt, 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 Fifth Street, NW, Washington, DC 20549–0102 (tel. 202–942–8090).

Applicants' Representations

1. MFT, MFG, JPMF, JPMIF, and JPMST, each a Massachusetts business trust, are open-end management investment companies registered under the Act. MFT has nine series, three of which are involved in the proposed transactions. MFG has seventeen series, three of which are involved in the proposed transactions. JPMF has eighteen series, eight of which are involved in the proposed transactions. JPMIF has thirty-four series, eleven of which are involved in the proposed transactions. JPMST has thirteen series, one of which is involved in the proposed transactions. The twenty-six series involved in the proposed transactions are collectively the ''Funds.'' Certain of these Funds are ''Acquiring Funds'' and certain Funds are ''Acquired Funds'' [1] JPMorgan Fleming International Equity (''Fleming International Equity Fund'') and the nineteen Funds that are series of JPMF and JPMIF currently operate as ''feeder'' Funds (each, a ''Feeder Fund'' and collectively, the ''Feeder Funds'') in a ''master-feeder'' structure. Each Feeder Fund invests all of its investable assets in a corresponding ''master'' portfolio (each, a ''Master Fund'') that is registered as an open-end management investment company under the Act.

2. JPMFAM and JPMIM are registered as investment advisers under the Investment Advisers Act of 1940 (the ''Advisers Act''). JPMFAM serves as the investment adviser to the Funds that are series of MFT and MFG (other than Fleming International Equity Fund) and to the corresponding Master Fund of Fleming International Equity Fund. JPMIM serves as the investment adviser to each remaining Master Fund and to J.P. Morgan Institutional California Bond Fund, J.P. Morgan Fleming Asset Management (London) Limited (''Subadviser'') is registered as an investment adviser under the Advisers Act and serves as the sub-adviser to JPMorgan Fleming European Fund and to the corresponding Master Fund of Fleming International Equity Fund. JPMFAM, JPMIM, and Subadviser are wholly-owned subsidiaries of J.P. Morgan Chase & Co. (''JPMC'').

3. Morgan Guaranty Trust Company of New York (''Morgan'') and The Chase Manhattan Bank (''Chase'') are both wholly-owned subsidiaries of JPMC. As of May 23, 2001, Morgan or Chase, as applicable, held of record for the benefit of others, in trust, more than 5% (in some cases, more than 25%) of the outstanding voting securities of certain of the Funds.

4. On January 23–24 and March 26–27, 2001 (with respect to JPMF, JPMIF and JPMST) and February 22 and April 3, 2001 (with respect to MFT and MFG), the board of trustees of each Trust (each, a ''Board'' and collectively, the ''Boards''), including all the trustees who are not ''interested persons'' within the meaning of section 2(a)(19) of the Act (the ''Independent Trustees''), unanimously approved an agreement and plan of reorganization (each, a ''Plan'' and collective, the ''Plans'') for each Fund. Under the Plans, each Acquiring Fund will acquire all of the assets and liabilities of the corresponding Acquired Fund in exchange for shares of designated classes of the Acquiring Fund (each, a ''Reorganization'' and collectively, the ''Reorganizations''). The shares of each Acquiring Fund exchanged will have an aggregate net asset value equal to the aggregate net asset value of the corresponding Acquired Fund's shares determined as of the close of regular trading on the New York Stock Exchange on the closing date of each Reorganization (each a ''Closing Date''), currently anticipated to occur as soon as

[1] The Acquired Funds and the corresponding Acquiring Funds are: (i) J.P. Morgan Global Strategic Income Fund and J.P. Morgan Institutional Global Strategic Income Fund; (ii) J.P. Morgan Tax Exempt Money Market Fund and JPMorgan Tax Free Money Market Fund; (iii) J.P. Morgan Institutional European Equity Fund and JPMorgan Fleming European Fund; (iv) J.P. Morgan International Opportunities Fund and J.P. Morgan Institutional International Opportunities Fund; (v) JPMorgan Fleming International Equity Fund and J.P. Morgan Institutional International Opportunities Fund; (vi) J.P. Morgan U.S. Equity Fund and J.P. Morgan Institutional U.S. Equity Fund; (vii) J.P. Morgan U.S. Equity Fund—Advisor Series and J.P. Morgan Institutional U.S. Equity Fund; (viii) JPMorgan Large Cap Equity Fund and J.P. Morgan Institutional U.S. Equity Fund; (ix) J.P. Morgan U.S. Small Company Fund and J.P. Morgan Institutional U.S. Small Company Fund; (x) J.P. Morgan Diversified Fund and J.P. Morgan Institutional Diversified Fund; (xi) J.P. Morgan Bond Fund and J.P. Morgan Institutional Bond Fund; (xii) J.P. Morgan Institutional Bond Fund—Ultra and J.P. Morgan Institutional Bond Fund; (xiii) JPMorgan California Intermediate Tax Free Income Fund and J.P. Morgan Institutional California Bond Fund; (xiv) J.P. Morgan Federal Money Market Fund and JPMorgan Federal Money Market Fund II; (xv) J.P. Morgan Institutional Federal Money Market Fund and JPMorgan Federal Money Market Fund II; and (xvi) J.P. Morgan Institutional Service Federal Money Market Fund and JPMorgan Federal Money Market Fund II.

practicable after the granting of the order of the Commission requested by the application. The value of the assets of each Fund will be determined according to the Fund's then-current prospectus and statement of additional information. On the Closing Date, each Acquired Fund will be liquidated by the distribution of the corresponding Acquiring Fund's shares pro rata to the shareholders of the Acquired Fund. In connection with the Reorganizations, each Feeder Fund will either convert to, or be reorganized with, a Fund that invests directly in securities.

5. Applicants state that the investment objectives and policies of each Acquired Fund (or corresponding Master Fund) are identical to or generally similar to those of its corresponding Acquiring Fund (or corresponding Master Fund). Applicants state that shareholders of the Acquired Funds will receive shares of the Acquiring Funds that are subject to the same service fees, sales charges, or distribution fees as their Acquired Fund shares, except for shareholders of J.P. Morgan U.S. Equity Fund—Advisory Series who will receive shares of a class of its corresponding Acquiring Fund (ordinarily with a maximum front-end sales charge of 5.75%) if a concurrent reorganization occurs. For purposes of calculating deferred sales charges on shares of an Acquired Fund that currently have a deferred sales charge, the amount of time a shareholder held shares of the Acquired Fund will be added to the amount of time the shareholder holds shares of the applicable Acquiring Fund. Applicants represents that the rights and obligations of each class of shares of each Acquired Fund are substantially similar to those of the corresponding class of shares of the Acquiring Funds into which they will be reorganized. No sales charge will be imposed in connection with the Reorganizations. JPMC will bear all of the costs associated with the Reorganizations.

6. Each Board, including the Independent Trustees, unanimously determined that the participation of each Fund in the respective Reorganization was in the best interests of the Fund and its shareholders, and that the interests of the shareholders of the Fund would not be diluted as a result of the Reorganization. In approving the Reorganizations, the Boards considered various factors, including: (a) The terms of the Plan; (b) a comparison of each Fund's historical and projected expense ratio; (c) the investment objectives and policies of the relevant Acquired Fund and the Acquiring Fund; (d) the fact that all costs and expenses of the relevant Reorganization will be borne by JPMC; and (e) the tax-free nature of the Reorganizations. With respect to the Reorganizations involving Feeder Funds, each applicable Board also considered other factors, including agreements by Morgan or Chase to waive or reimburse certain expenses of the Acquiring Funds.

7. The Reorganizations are subject to a number of conditions, including that: (a) The shareholders of each Acquired Fund will have approved the Reorganization; (b) the Funds will have received opinions of counsel concerning the tax-free nature of each Reorganization; and (c) applicants will have received exemptive relief from the Commission to permit the Reorganizations. The consummation of certain of the Reorganizations is also contingent upon the consummation of one or more reorganizations, including reorganizations that are not covered by the application. An Acquired Fund or Acquiring Fund may terminate its Plan if certain conditions are not satisfied prior to the Closing Date. Applicants agree not to make any material changes to any Plan that affect the exemptive order without prior approval of the Commission or its staffs.

8. A registration statement on Form N–14 with respect to each Reorganization, containing a prospectus/Proxy statement, was filed with the Commission on April 12, 13, or 16, 2001, and became effective on May 12, 13, or 16, 2001, respectively. Definitive combined prospectus/proxy statement materials were first mailed to shareholders of the Acquired Funds on or about May 22, 2001. Each Acquired Fund held a special meeting of shareholders on July 3, 2001, which meetings (except for the meeting of shareholders of JP Morgan California Intermediate Tax Free Income Fund (''Tax Free Income Fund'')) were adjourned until July 25, 2001, because a quorum was not present. The shareholders of Tax Free Income Fund approved its Reorganization at the July 3, 2001 meeting. At the special meetings of shareholders on July 25, 2001, shareholders of each remaining Acquired Fund approved the respective Reorganizations.

Applicants' Legal Analysis

1. Section 17(a) of the Act, in relevant part, prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an affiliated person of another person to include, among others: (a) Any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose securities are directly or indirectly owned, controlled, or held with power to vote by the other person; (c) any person directly or indirectly controlling, controlled by, or under common control with the other person; and (d) if the other person is an investment company, any investment adviser of that company.

2. Rule 17a–8 under the Act exempts from the prohibitions of section 17(a) certain mergers, consolidations, and sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of affiliated persons, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions are satisfied.

3. Applicants state that Morgan or Chase, as applicable, holds of record for the benefit of others, in trust, more than 5% (in some cases, more than 25%) of the outstanding voting securities of certain of the Funds. Because Morgan or Chase holds these securities, certain Acquiring Funds and Acquired Funds may be deemed to be affiliated persons, or affiliated persons of affiliated persons, for reasons other than those set forth in rule 17a–8 and therefore unable to rely on the rule.

4. Section 17(b) of the Act provides, in relevant part, that the Commission may exempt a transaction from the provisions of section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

5. Applicants request an order under section 17(b) exempting them from section 17(a) to the extent necessary to complete the Reorganizations. Applicants submit that the Reorganization satisfy the standards of section 17(b). Applicants state that the Boards, including the Independent Trustees, unanimously found that the participation of the Acquired Funds and Acquiring Funds in the Reorganizations is in the best interests of each Fund and its shareholders and that such participation will not dilute the interests of the existing shareholders of each Fund. In addition, applicants state

that the Reorganizations will be on the basis of the Funds' relative net asset values.

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

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–44712; File No. SR–Amex–2001–58]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by American Stock Exchange LLC Relating to Billing of Annual Fee for Listed Companies

August 16, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on August 2, 2001, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 Exchange proposes to amend Section 141 of the Amex *Company Guide* as follows (deletions are bracketed; new language is italicized):

ANNUAL FEES

Sec. 141

Stock Issues

[No change to annual fee schedule.]

The annual fee is payable in January of each year and is based on the total number of all classes of shares (excluding treasury shares) and warrants according to information available on Exchange records as of December 31 of the preceding year. (The above fee schedule also applies to companies whose securities are admitted to unlisted trading privileges.)

In the calendar year in which a company first lists, the annual fee will be prorated to reflect only that portion of the year during which the security has been admitted to dealings and will be payable [In December] *within 30 days of the date the company received the invoice*, based on the total number of outstanding shares of all classes of stock at the time of original listing.

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

In its filing with the Commission, the Exchange 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. The Amex has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

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

1. Purpose

Section 141 of the Amex *Company Guide* sets out the schedule of annual fees payable by listed companies. The section provides that, in the calendar year in which a company first lists, the annual fee will be prorated to reflect the portion of the year that the company has been listed, and is payable in December based on the total number of outstanding shares at the time of original listing. Current Exchange billing practice for annual fees is to send the company an invoice after listing, payable on receipt.

In the interest of facilitating more timely receipt of the annual fee in the first year of listing, the Exchange proposes to provide that the annual fee in the first year of listing will be payable 30 days from the date the company receives the invoice.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act[2] in general and furthers the objectives of Section 6(b)(5)[3] in particular in that it is designed to remove impediments to the perfect the mechanism of a free and open market and a national market system, and, in general, to protect investor and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes that the proposed rule change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received written comments with respect to the proposed rule change.

III. 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 Exchange consents, the Commission will:

(A) By orders 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, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. 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 Amex. All submissions should refer to the file number in the caption above and should be submitted by September 12, 2001.

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78f(b).

[3] 15 U.S.C. 78f(b)(6).