charges, distribution fees, or shareholder servicing fees.

Applicant's Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company (''acquiring company'') may acquire securities of another investment company (''acquired company'') if such securities represent more that 3% of the acquired company's outstanding voting stock or more than 5% of the acquiring company's total assets, or if such securities, together with the securities of other investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(G) of the Act provides that section 12(d)(1) will not apply to securities of an acquired company purchased by an acquiring company if: (a) The acquiring company and the acquired company are part of the same group of investment companies; (b) the acquiring company holds only securities of acquired companies that are part of the same group of investment companies, government securities, and short-term paper; (c) the aggregate sales loads and distribution-related fees of the acquiring company and the acquired company are not excessive under rules adopted pursuant to section 22(b) or section 22(c) of the Act by a securities association registered under section 15A of the Securities Exchange Act of 1934 or by the Commission; and (d) the acquired company has a policy that prohibits it from acquiring securities of registered open-end management investment companies or registered unit investment trusts in reliance on section 12(d)(1)(F) or (G). Applicants state that the proposed arrangement would comply with the provisions of section 12(d)(1)(G), but for the fact that an Upper Tier Fund's investments will include shares of one or more Underlying Funds as well as Other Securities.

3. Section 12(d)(1)(J) of the Act provides that the Commission may exempt persons or transactions from any provision of section 12(d)(1) if, and to the extent that, the exemption is consistent with the public interest and the protection of investors. Applicants request an order under section 12(d)(1)(J) exempting them from section 12(d)(1)(G)(i)(II). Applicants assert that permitting the Upper Tier Funds to invest in the Underlying Funds and Other Securities as described in the application would not raise any of the concerns that the requirements of section 12(d)(1)(G) were designed to address.

Applicants' Conditions

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

1. Before approving any advisory contract under section 15 of the Act, the board of directors of NFI (on behalf of Nations Equity Income Fund) or any other Company (on behalf of another Upper Tier Fund), including a majority of the independent directors who are not ''interested persons,'' as defined in section 2(a)(19) of the Act, will find that advisory fees, if any, charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to any Underlying Fund's advisory contract; provided, however, that no such finding will be necessary if: (a) The Upper Tier Fund pays no advisory fee on assets invested in an Underlying Fund; or (b) the Upper Tier Fund pays an advisory fee on asserts invested in an Underlying Fund and either (i) the Underlying Fund pays no advisory fee, or (ii) the advisory fee paid by the Upper Tier Fund is reduced by the proportional amount of the advisory fee paid by the Underlying Funds with respect to the shares held by the Upper Tier Fund. If a finding is necessary, the finding, and the basis upon which the finding was made, will be recorded fully in the minute books of NFI or other relevant Company (on behalf of another Upper Tier Fund).

2. Applicants will comply with all provisions of section 12(d)(1)(G), except for section 12(d)(1)(G)(i)(II) to the extent that it restricts Nations Equity Income Fund or any Upper Tier Fund from investing in Other Securities as described in the application.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–31274 Filed 12–7–00; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–24780; 812–12316]

Vision Group of Funds, et al.; Notice of Application

December 1, 2000.

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

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

SUMMARY OF APPLICATION: Applicants request an order to permit the proposed reorganizations of eleven series (the ''Acquired Funds'') of Governor Funds with and into eleven series of Vision Group of Funds (''Vision Funds'') (the ''Acquiring Funds,'' and together with the Acquired Funds, the ''Funds''). Because of certain affiliations, applicants may not rely on rule 17a–8 under the Act.

APPLICANTS: Vision Funds, Governor Funds, Manufacturers and Traders Trust Company (''M&T Bank''), Governor Funds, and Martindale Andres & Company LLC (''Martindale'').

FILING DATES: The application was filed on November 3, 2000. Applicants have agreed to file an amendment to the application 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 copies of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 26, 2000, 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 SEC's Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549–0609. Applicants, c/o Victor R. Siclari, Esq., Federated Services Company, Federated Investors Tower—12th Floor, Pittsburgh, Pennsylvania 15222–3779.

FOR FURTHER INFORMATION CONTACT: Karen L. Goldstein, Senior Counsel, at (202) 942–0646, or Christine Y. Greenlees, 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, 450 Fifth Street, NW., Washington, DC 20549–0102 (telephone (202) 942–8090).

Applicants' Representations

1. Vision Funds, a Delaware business trust, is registered under the Act as an open-end management investment company and currently offers eighteen series (the ''Vision Series''). Eleven of the Vision Series, Vision Treasury Money Market Fund, Vision Large Cap Core Fund, Vision Institutional Prime Money Market Fund, Vision Small Cap Stock Fund, Vision International Equity Fund, Vision Intermediate Term Bond Fund, Vision Institutional Limited Duration U.S. Government Fund, Vision Pennsylvania Municipal Income Fund, Vision Managed Allocation Fund—Conservative Growth, Vision Managed Allocation Fund—Moderate Growth, and Vision Managed Allocation Fund—Aggressive Growth, are Acquiring Funds. All of the Acquiring Funds except Vision Treasury Money Market Fund and Vision Large Cap Core Fund were recently organized for purposes of the proposed Reorganizations (as defined below).

2. Governor Funds, a Delaware business trust, is registered under the Act as an open-end management investment company and currently offers eleven series, which are Acquired Funds: Governor Prime Money Market Fund, Governor U.S. Treasury Obligations Money Market Fund, Governor Established Growth Fund, Governor Aggressive Growth Fund, Governor International Equity Fund, Governor Intermediate Term Income Fund, Governor Limited Duration Government Securities Fund, Governor Pennsylvania Municipal Bond Fund, Governor Lifestyle Conservative Growth Fund, Governor Lifestyle Moderate Growth Fund, and Governor Lifestyle Growth Fund.

3. M&T Bank serves as investment adviser to each Acquiring Fund. M&T Bank is not currently required to register as an investment adviser pursuant to section 202(a)(11)(A) of the Investment Advisers Act of 1940 (''Advisers Act''). M&T Bank is the principal banking subsidiary of M&T Bank Corporation, a regional bank holding company.

4. Martindale is an investment adviser registered under the Advisers Act and serves as investment adviser to each of the Acquired Funds. In addition, Martindale will be the sub-adviser of the Vision Small Cap Stock Fund. Martindale is a subsidiary of M&T Bank Corporation. Brinson Partners, Inc., an investment adviser registered under the Advisers Act, is the current sub-adviser to the Governor International Equity Fund and will be the sub-adviser for the corresponding Vision International Equity Fund.

5. M&T Bank and/or certain affiliated persons of M&T Bank (M&T Bank and such affiliated persons are collectively referred to as ''M&T Bank Affiliates'') hold of record for the benefit of others, in trust, agency, custodial or other fiduciary or representative capacity, more than 5% (in some cases, more than 25%) of the total outstanding shares of certain of the Acquired Funds.

6. On August 11, 2000 and October 27, 2000, the board of trustees of Vision Funds (''Vision Board'') and the board of trustees of Governor Funds (''Governor Board'' and together with the Vision Board, the ''Boards''), respectively, including all the trustees who are not ''interested persons'' of those Funds, as defined in section 2(a)(19) of the Act (''Disinterested Trustees''), approved the respective agreements and plans or reorganization entered into between Vision Funds and Governor Funds (the ''Plans''). Under the Plans, each Acquired Fund will acquire all, or substantially all, of the assets and liabilities of the corresponding Acquired Fund in exchange for Class A shares of the Acquiring Fund (each a ''Reorganization,'' and collectively, the ''Reorganizations'').[1] The shares of each Acquiring Fund exchanged will have an aggregate net asset value equal to the aggregate net asset value of the Acquired Fund's shares determined as of the close of regular trading on the New York Stock Exchange on the business day preceding the day of the closing of each Reorganization (''Closing Date''). The value of the assets of the Acquired Funds will be determined according to the Acquired Funds' then-current prospectuses and statements of additional information. As soon as reasonably practicable after the Closing Date, each Acquired Fund will be liquidated by the distribution of the Acquiring Fund shares pro rata to the shareholders of the Acquired Fund.

7. Applicants state that the investment objectives and policies of each Acquired Fund are identical or substantially similar to those of the corresponding Acquiring Fund. The Acquired Funds offer two classes shares, Investor shares and S shares, and the Acquiring Funds offer Class A, Class B and Class S shares. The only shares that will be involved in the Reorganizations will be Investor shares and Class A shares. Investor shares and Class A shares of the Acquired and Acquiring Funds are subject to a front-end sales charge, except for Class A shares of Vision Treasury Money Market Fund and Vision Institutional Prime Money Market Fund and Investor shares of their corresponding Acquired Funds. Shares of each Acquired Fund and the Class A shares of each Acquiring Fund are currently not subject to a contingent deferred sales charge. The Acquired Funds' Investor shares are not subject to rule 12b–1 distribution or shareholder service fees, except for Investor shares of three of the Acquired Funds, which are subject to rule 12b–1 distribution fees. The Acquiring Funds' Class A shares are subject to rule 12b–1 distribution and shareholder services fees. Shareholders of the Acquired Funds will not be subject to a contingent deferred sales charge upon redemption of the Acquiring Fund shares that they receive in connection with the Reorganizations. No sales charges will be imposed in connection with the Reorganizations. M&T Bank will bear the costs associated with the Reorganizations.

8. The Boards, including all of the Disinterested Trustees, determined that the participation of each Acquiring and Acquired Fund in a Reorganization was in the best interests of each Fund and its shareholders, and that the interests of the shareholders of each Fund would not be diluted as a result of the Reorganization. In assessing the Reorganizations, the Boards considered various factors, including: (a) The investment objectives, policies and strategies of each of the Acquired Funds and their corresponding Acquiring Funds; (b) the investment advisory and other fees paid by each of the Acquiring

[1] Under the Plans, the Acquired Funds will be reorganized into the Acquiring Funds as follows: Governor Aggressive Growth Fund will reorganize into Vision Small Cap Stock Fund, Governor Established Growth Fund into Vision Large Cap Core Fund, Governor Intermediate Term Income Fund into Vision Intermediate Term Bond Fund, Governor International Equity Fund into Vision International Equity Fund, Governor Lifestyle Conservative Growth Fund into Vision Managed Allocation Fund—Conservative Growth, Governor Lifestyle Growth Fund into Vision Managed Allocation Fund—Aggressive Growth, Governor Lifestyle Moderate Growth Fund into Vision Managed Allocation Fund—Moderate Growth, Governor Limited Duration Government Securities Fund into Vision Institutional Limited Duration U.S. Government Fund, Governor Pennsylvania Municipal Bond Fund into Vision Pennsylvania Municipal Income Fund, Governor Prime Money Market Fund into Vision Institutional Prime Money Market Fund and Governor U.S. Treasury Obligations Money Market Fund into Vision Treasury Money Market Fund.

Funds and the projected expenses of each of the Acquiring Funds; (c) the terms and conditions of the Plans; and (d) the anticipated tax consequences of the Reorganizations for the Funds and their shareholders. In addition, the Governor Board considered: (a) The capabilities, resources, and experience of M&T Bank and other service providers; and (b) the shareholder services offered by Vision Funds.

9. The Reorganizations are subject to a number of conditions precedent, 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; (c) applicants will have received from the Commission an exemption from section 17(a) of the Act for the Reorganizations, (d) an N–14 Registration Statement relating to each Reorganization has become effective with the Commission, and (e) each of the Acquired Funds and the Vision Treasury Money Market Fund will declare and pay on or before the Closing Date a dividend or dividends, which, together with all previous dividends, will have the effect of distributing to its shareholders substantially all of its net investment income and realized net capital gain, if any, for all taxable years ending on or before the Closing Date. The Plans may be terminated and the Reorganizations abandoned at any time prior to the Closing Date by the mutual consent of the Governor Board and the Vision Board. Applicants agree not to make any material changes to the Plans without prior approval of the Commission staff.

10. A registration statement on Form N–14 with respect to the Reorganizations, containing a proxy statement/prospectus, was filed with the Commission on November 13, 2000 and was mailed to shareholders of the Acquired Funds on November 14, 2000. A shareholders meeting of the Acquired Funds is scheduled for December 13, 2000.

Applicant's 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: (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 certain mergers, consolidations, and sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions are satisfied. Applicants believe that rule 17a–8 not be available to exempt the Reorganizations because the Funds may be deemed to be affiliated by reasons other than having a common investment adviser, common directors/trustees, and/or common officers. Applicants state that M&T Bank Affiliates hold of record for the benefit of others, in trust, agency, custodial or other fiduciary or representative capacity, more than 5% (in some cases, more than 25%) of the total outstanding shares of certain of the Acquired Funds. Because of these ownership positions, each Acquired Fund may be deemed to be an affiliated person of an affiliated person of its corresponding Acquiring Fund.

3. 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.

4. Applicants request an order under section 17(b) of the Act exempting them from section 17(a) to the extent necessary to complete the Reorganizations. Applicants submit that the Reorganizations satisfy the standards of section 17(b) of the Act. Applicants state that the terms of the Reorganizations are reasonable and fair and do not involve overreaching. Applicants state that the investment objectives and policies of each Acquired Fund are identical, or substantially similar to, those of its corresponding Acquiring Fund. Applicants also state that the Boards, including all of the Disinterested Trustees, found that the participation of the Acquired 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.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–31275 Filed 12–7–00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC—24782; 813–224]

Elfun Trusts, et al.; Notice of Application

December 1, 2000.

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

ACTION: Notice of application for an order under section 6(b) of the Investment Company Act of 1940 (the ''Act'').

SUMMARY OF APPLICATION: Applicants request an order that would amend prior orders (''Prior Orders'') [1] to expand the class of persons eligible to purchase shares of certain employees' securities companies to include certain specified immediate family members and grandchildren of eligible employees. In addition, the order would permit eligible employees to transfer shares of

[1] *Elfun Trust,* Investment Company Act Release Nos. 22335 (Nov. 14, 1996) (notice) and 22385 (Dec. 10, 1996) (order); *Elfun Money Market Fund,* Investment Company Act Release Nos. 17384 (Mar. 16, 1990) (notice) and 17433 (Apr. 13, 1990) (order); *Elfun Trust,* Investment Company Act Release Nos. 17039 (June 30, 1998) (notice) and 17082 (July 25, 1989) (order); *Elfun Trusts,* Investment Company Act Release Nos. 17038 (June 30, 1989) (notice) and 17083 (July 25, 1989) (order); *Elfun Diversified Fund,* Investment Company Act Release Nos. 16146 (Nov. 24, 1978) (notice) and 16186 (Dec. 22, 1987) (order); *Elfun Global Fund,* Investment Company Act Release Nos. 16042 (Oct. 8, 1987) (notice) and 16114 (Nov. 5, 1987) (order); *Elfun Income Fund,* Investment Company Act Release Nos. 13485 (Sept. 7, 1983) (notice) and 13612 (Nov. 2, 1983) (order); *General Electric S&S Long Term Interest Fund,* Investment Company Act Release Nos. 10929 (Nov. 6, 1979) (notice) and 10971 (Dec. 4, 1979 (order); *Elfun Trust.* Investment Company Act Release Nos. 10375 (Aug. 23, 1978) (notice) and 10414 (Sept. 20, 1978) (order); *Elfun Tax-Exempt Income Fund,* Investment Company Act Release Nos. 9839 (July 5, 1977) (notice) and 9879 (Aug. 2, 1977) (order); *General Electric Company,* Investment Company Act Release Nos. 4973 (May 31, 1967) (notice) and 5830 (Sept. 29, 1969) (order); and *Executives Investment Trusts and Elfun Trusts,* Investment Company Act Release No. 584 (Dec. 2, 1943) (order).