NYSE Rule 118, on which Section 46 was patterned.

Under NYSE Rule 118, a DNR instruction applies only with respect to cash dividends; i.e., an order with a DNR instruction would be reduced in price and increased in size, in the event of a stock dividend or split, but would not be reduced in price in the event of a cash dividend. In addition, under NYSE Rule 118, a DNI instruction applies only with respect to stock dividends, i.e., an order with a DNI instruction would not be increased in size, but would be reduced in price, in the event of a stock dividend. Because Section 46 was intended to operate in the same manner as NYSE Rule 118, and the NASD has determined to amend the definitions of DNR and DNI to conform to the definitions in Rule 118.

For customers who understand the operation of Section 46 to be the same as NYSE Rule 118, leaving the current definitions in place could result in unexpected executions of open orders for such customers. For example, the price of an order marked DNR would not be adjusted under the current definition in Section 46 even in the event of a 2 for 1 or similar stock dividend, while applying NYSE Rule 118 would result in an adjustment. Such a dividend would halve the quotes for the security, but the order would remain at the original price, far out of line with the market for the security. Thus, the customer could be faced with a purchase execution at twice the new market price for the security, assuming that the original order was priced between the old bid and ask quotations. The apparent rationale behind limiting the application of the DNR instruction to cash dividends under NYSE Rule 118 (and the proposed amendment to Section 46) is that cash dividends are less likely to result in large quotation moves that would place an unadjusted order very far out of line with the market.

Similarly, consistent with Rule 118, a DNI instruction should apply only to order size adjustment in the event of a stock dividend. Because orders are only adjusted (increased) in size in a sock dividend situation, and price is never adjusted upward as a result of a distribution, a DNI instruction would operate to prevent the size of an order from being increased. This will prevent a customer from ending up with more shares than he wanted or intended. Moreover, because a DNI instruction only applies to the size of the order, the price of the order in a dividend situation will be adjusted downward as required by the rule.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act in that the clarification of the definitions of DNR and DNI will alleviate confusion, and order executions that may be harmful to investors, caused by the differences between Section 46 and NYSE Rule 118 and, thereby, remove an impediment to the functioning of the market and protect investors.

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

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

Written comments were neither solicited nor received.

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 self-regulatory organization 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, NW., Washington, DC 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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to file number SR–NASD–94–71 and should be submitted by January 27, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹

Margaret H. McFarland,

Deputy Secretary. [FR Doc. 95–369 Filed 1–5–95; 8:45 am] BILLING CODE 8010–01–M

[Rel. No. IC-20810; File No. 811-3645]

Pilgrim Corporate Utilities Fund: Notice of Application for Deregistration

December 29, 1994.

AGENCY: Securities and Exchange Commission ("SEC"). ACTION: Notice of application for deregistration under the Investment Company Act of 1940 ("Act").

APPLICANT: Pilgrim Corporate Utilities Fund.

RELEVANT ACT SECTION: Section 8(f). **SUMMARY OF APPLICATION**: Applicant requests an order declaring that it has ceased to be an investment company. **FILING DATE**: The application was filed on December 13, 1994.

Hearing or notification of hearing: $An % \left(A^{\prime} \right) = A^{\prime} \left(A^{\prime} \right) = A^{\prime} \left(A^{\prime} \right)$ 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 January 23, 1995, 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, NW., Washington, D.C. 20549. Applicant, 10100 Santa Monica Boulevard, Los Angeles, California 90067.

FOR FURTHER INFORMATION CONTACT: Bradley W. Paulson, Staff Attorney, at (202) 942–0147 or Robert A. Robertson, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

¹17 CFR 200.30-3(a)(12).