

South African Reserve Bank.<sup>2</sup> That same year, the SEC issued an order allowing applicant to purchase securities in South Africa upon the exercise of rights issued to it as a shareholder of other companies, provided certain conditions were met.<sup>3</sup>

4. In 1981, the SEC issued an order allowing applicant to invest its cash held in U.S. dollars in time deposits and bank certificates of deposits.<sup>4</sup>

5. In 1985, the SEC issued an order (the "1985 Order") allowing applicant to purchase portfolio securities issued by non-South African companies listed on certain foreign stock exchanges and to allow applicant's custodian to settle such transactions in the country where the relevant exchange was located. In the event that removal of these securities becomes prohibited by law or regulation or financially impracticable, the 1985 Order allows applicant's custodian to appoint an "eligible foreign custodian" as that term is defined by rule 17f-5 or an overseas branch of the custodian, to hold these securities in the country where the relevant exchange was located, provided certain conditions were met. The 1985 Order also allowed applicant to maintain in South Africa up to 3% of its assets in short-term rand denominated investments issued or guaranteed by the Republic of South Africa and to authorize its custodian to appoint Barclay's National Bank Limited as applicant's subcustodian in South Africa to hold these investments, subject to compliance with rule 17f-5.

6. In 1991, the SEC issued an order to allow applicant to, among other things, increase from \$75,000 to \$200,000 the amount of cash applicant may hold outside of the custody of its United States custodian and to invest up to 5% of its assets in rand-denominated interest bearing bank accounts with eligible foreign custodians or overseas branches of qualified U.S. banks located in South Africa, provided applicant complies with rule 17f-5. (These orders modifying the Original Order are referred to as the "Subsequent Orders").

7. Citibank plans to relocate its global custody services to London, England and has informed applicant that it will no longer be able to serve as applicant's custodian as of July 1, 1995. In view of the termination of these custody

arrangements, applicant seeks to appoint Chase as its new custodian. On February 3, 1995, applicant's board of directors approved the appointment of Chase, authorized applicant's officers to file the application, and complete the new custodial arrangements upon obtaining SEC approval. Citibank has agreed to remain applicant's custodian for a limited period after July 1, 1995 pending SEC approval of applicant's new custody arrangements.

#### *B. Relief Requested*

1. Applicant requests an order to permit it to enter into a new custody arrangement with Chase and to permit Chase to appoint Standard Bank as applicant's South African subcustodian, subject to compliance with rule 17f-5.

2. Applicant states that it is not requested a change in any of the material aspects of its existing custody arrangements under the Original Order as amended by the Subsequent Orders. Applicant, however, intends that any order granting the relief requested in the application supersede the Original and Subsequent Orders with respect to applicant's custodial arrangements. Therefore, applicant reaffirms in the application its prior representations, undertakings and agreements in the Original and Subsequent Orders with respect to its custodial arrangements.

3. Applicant will settle its purchases and sales of portfolio securities in the United States by use of the mails or means of interstate commerce, except for:

(a) Purchases and sales on an "Established Securities Exchange," defined as a national securities exchange as defined in section 2(a)(26) of the Act, London Stock Exchange, the Johannesburg Stock Exchange, the Stock Exchange of Melbourne, Ltd., the Toronto Stock Exchange, the Tokyo Stock Exchange, and Effektenborsenverein Zurich Exchange;

(b) Purchase and sales in South Africa of South African Treasury Bills from and to the South African Treasury or the South African Reserve Bank; and

(c) Purchases in South Africa of securities upon the exercise of rights issued to applicant as shareholder of other companies for the purchase of such securities, provided that (i) the rights so exercised are offered to applicant as a shareholder in another company on the same basis as all other holders of the class or classes of shares of such other company to whom such rights are offered, (ii) the rights exercised do not exceed 10% of the total amount of the rights offered, and (iii) the securities purchased pursuant to the exercise, or securities of the same class,

are listed on the Johannesburg Stock Exchange, or application has been made to such exchange for the listing thereon of the securities, or it has been publicly announced that application will be made to such exchange for the listing thereon of the securities, and applicant has no reason to believe that the listing will not be effected.

4. Applicant will keep all of its assets (which may include U.S. dollars invested in time deposits and bank certificates of deposit) in the custody of a United States custodian, except:

(a) \$200,000 in cash maintained in an account with an eligible foreign custodian or an overseas branch of a qualified U.S. bank located in South Africa for the purpose of meeting its administrative expenses;

(b) Up to 3% of applicant's assets in short-term rand denominated investments issued or guaranteed by the Republic of South Africa;

(c) Up to 5% of applicant's assets in rand-denominated interest-bearing accounts with eligible foreign custodians or overseas branches of qualified U.S. banks located in South Africa;

(d) If removal of securities purchased on an Established Securities Exchange in Japan, Australia, Switzerland, and Canada becomes either prohibited by law or regulation or financially impracticable, up to 5% of applicant's assets may be held by an eligible foreign custodian or an overseas branch of Chase in each of these countries.

5. Applicant will comply with rule 17f-5 as if it were a registered management investment company organized or incorporated in the United States with respect to any of its assets held by eligible foreign custodians (including Standard Bank) or overseas branches of qualified U.S. banks (including Chase), outside the United States.

6. Applicant represents that Chase and any future custodian will enter into an agreement to comply with ASA's Memorandum and Articles of Association, the provisions of the Act and the rules thereunder, each of the undertakings and agreements contained in the original application and the terms of the Original Order and any other application or order of the SEC relating to applicant's custodial arrangements, as each of the same may from time to time be amended, and to do nothing inconsistent with applicant's undertakings and agreements contained in the original application or required by any present or future rule under the Act.

7. The custodian agreements will insure to the benefit of applicant's

<sup>2</sup>Investment Company Act Release Nos. 2817 (Jan. 5, 1959) (notice) and 2821 (Jan. 20, 1959) (order).

<sup>3</sup>Investment Company Act Release Nos. 2883 (May 22, 1959) (notice) and 2886 (June 9, 1959) (order).

<sup>4</sup>Investment Company Act Release Nos. 11669 (Mar. 6, 1981) (notice) and 11722 (Apr. 7, 1981) (order).