17(b), Applicants represent that they will company with the conditions set forth in Rule 17a–7 except for subparagraph (a), which requires that the transaction be "for no consideration other than cash payment." Although the consideration in some cases will be "securities" and not cash, Applicants state that these transactions are in substance the type of transactions currently exempted by Rule 17a–7.

12. Applicants further state that the terms of the Substitutions and the transfer of the securities meet all the requirements of Section 17(b) and represent that for the terms of the Substitutions and transfers of securities are reasonable and fair and do not involve overreaching on the part of any

person concerned.

13. Applicants also represent that with respect to the "in-kind" portion of the Substitutions established procedures will guard against inappropriate or

unfair exchanges.

14. Since Applicants may be deemed to be affiliated persons of each other or affiliated persons of an affiliated person under Section 2(a)(3) of the 1940 Act the Substitutions may be deemed to entail one or more purchases or sales of securities or property between Applicants. Accordingly, Applicants believe that the Substitutions may require an order exempting the transactions prohibited under Sections 17(a)(1) and 17(a)(2) of the 1940 Act, pursuant to Section 17(b) of the 1940 Act,

15. Rule 17a-7 under the 1940 Act exempts from the prohibitions of Section 17(a) a purchase or sale transaction between registered investment companies or separate series of registered investment companies which may be affiliated persons, or affiliated persons of affiliated persons, solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common directors and/or common officers, subject to certain specified conditions. As the affiliation among the Applicants, however, does not arise solely by reason of having common investment advisors, directors, and/or officers, and redemption by the Transferor Portfolios may involve redemptions of securities "in-kind" rather than for cash, the Substitutions likely would not satisfy the technical requirements of Rule 17a-7. Nonetheless, Applicants represent that the Substitutions will comply with the underlying intent of Rule 17a-7 in all respects for the following reasons. First, although the Substitutions would involve partial redemption of securities "in-kind" rather than the "all-cash," as

required under subsection (a) of Rule 17a-7, such transactions likely would be less amenable to self-dealing than corresponding "all-cash" transactions. Moreover, redemptions in kind would reduce brokerage commissions or other remuneration ordinarily paid in connection with securities transactions. Second, because the Substitutions will be effected at the independent current market price and are consistent with the policies of each of the Transferor and the Transferee Portfolios, the Substitutions would comply with both the technical requirements and underlying intent of subsections (b) and (c) of the Rule. Third, to the extent consistent with investment objectives and applicable diversification requirements, Applicants will effect redemption "in-kind" to reduce any brokerage commissions or other remuneration usually paid in connection with securities transactions, as contemplated by subsection (d) of the Rule. Finally, because the Substitutions would occur only once, the formal written compliance procedure required under subsections (e) and (f) of the Rule would prove inapplicable.

Request for Order Pursuant to Section 6(c) and Rule 17d–1 of the 1940 Act

16. Section 17(d) of the 1940 Act prohibits any affiliated person of a registered investment company, or any affiliated person of such affiliated person, acting as principal, from effecting any transaction in which such registered investment company, or a company controlled by such registered investment company, is a joint participant with such person, in contravention of Commission rules designed to limit or prevent participation by the registered investment company "on a basis different from or less advantageous than" that of the affiliated person. Rule 17d-1(a) prohibits any of the persons described above, acting as principal, from participating in, or effecting "any transaction in connection with, any joint enterprise or other joint arrangement or profit-sharing plan in which any such registered investment company, or a company controlled by such registered company, is a participant" unless the Commission has approved the joint enterprise, arrangement or plan.

17. Applicants state that they may be deemed to be affiliated persons of each other under Section 2(a)(3) of the 1940 Act, and that the Substitutions will involve transactions that may be deemed to implicate Section 17(d) of the 1940 Act and Rule 17d–1 thereunder.

18. The simultaneous purchase and sale transactions involve a number of registered investment companies, and each such purchase and sale transaction is dependent on the other. Each transaction therefore may be deemed to be in connection with a joint arrangement within the contemplation of Section 17(d) of the 1940 Act and Rule 17d–1 thereunder. Applicants request an order pursuant to Section 6(c) and Rule 17d–1 to eliminate any question of compliance with Section 17(d) and Rule 17d–1.

19. Rule 17d–1 provides for the Commission to grant an order upon request. In passing upon such request, the Commission is to consider whether the participation of the management investment companies is consistent with the provisions, policies and purposes of the 1940 Act and the extent to which such participation is on a basis different from or less advantageous than that of other participants.

20. Section 6(c) of the 1940 Act provides that the Commission may grant an order exempting persons and transactions from any provision or provisions of the 1940 Act as may be necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. For all the reasons stated herein, Applicants submit that the Substitutions are consistent with the provisions, policies and purposes of the 1940 Act and that the participation of each of the parties to the Substitutions will be on an equal basis and consistent with their respective participation in the Substitutions, and is consistent with the provisions, policies and purposes of the 1940 Act.

21. Based on the foregoing, Applicants represent that the Substitutions and the related transactions meet all the requirements of Section 6(c) of the 1940 Act and Rule 17d–1 thereunder, and are consistent with applicable precedent, and request that an order of exemption from Section 17(d) and approval pursuant to Section 6(c) and Rule 17d–1 be granted.

Conclusion

For the reasons set forth above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and purposes fairly intended by the policy and provisions of the 1940 Act.