

in section 2(a)(9) of the Act to mean “the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company.”

5. Applicants state that because Dresdner Entities will serve as investment advisers to Affiliated Lending Funds and the Investment Funds, the Dresdner Entities could be deemed to control the Affiliated Lending Funds and the Investment Funds, and the Dresdner Entities are under common control. Accordingly, the Affiliated Lending Funds and the Investment Funds may be deemed to be under common control and affiliated persons of each other. Further, applicants state that if any Other Lending Fund acquires 5% or more of an Investment Fund's Shares, the Investment Fund may be deemed an affiliated person of the Other Lending Fund. As a result, applicants state that the sale of Shares of the Investment Funds to the Registered Lending Funds, and the redemption of such Shares in connection with the investment of Cash Collateral may be prohibited under Section 17(a).

6. Section 17(b) of the Act authorizes the Commission to exempt a transaction from section 17(a) if 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 the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act. Section 6(c) of the Act authorizes the Commission to exempt any person or transaction from any provision of the Act if the exemption is 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 Act.

7. Applicants request an order under sections 6(c) and 17(b) of the Act to permit the Registered Lending Funds to invest Cash Collateral in Shares of the Investment Funds. Applicants submit that the terms of the proposed transactions, including the consideration to be paid or received, are reasonable and fair, do not involve overreaching and are consistent with the general purposes of the Act as well as the policies of the respective Registered Lending Funds. The Registered Lending Funds will purchase and redeem Shares on the same terms and the same basis as the Shares are purchased and redeemed by all other shareholders of the Investment Funds. Applicants state

that the Registered Lending Funds will only be permitted to invest in an Investment Fund if that Investment Fund invests in instruments that the Registered Lending Fund has previously determined are acceptable medium for the investment for Cash Collateral. Applicants state that Cash Collateral of a Registered Lending Fund that is a money market fund will not be used to acquire Shares of any Investment Fund that does not comply with rule 2a-7 under the Act. Applicants further state that the investment of Cash Collateral will comply with all present and future Commission and staff positions concerning securities lending arrangements. Applicants also state that the Private Investment Funds will comply with the provisions of the Act dealing with affiliated transactions, leveraging and issuing senior securities, and rights of redemption.

8. Section 17(d) of the Act and rule 17d-1 under the Act prohibit any affiliated person or principal underwriter for a registered investment company, or any second tier affiliate, acting as principal, from effecting any transaction in connection with any joint enterprise or other joint arrangement or profit sharing plan in which the investment company participates, without an order of the Commission. Under rule 17d-1, in passing on applications for orders under section 17(d), the Commission considers whether the participation of the registered investment company is consistent with the provisions, policies, and purposes of the Act and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

9. Applicants state that the Lending Funds (by purchasing and redeeming Shares of the Investment Funds), the Dresdner Entities (by managing the portfolio securities of the Affiliated Lending Funds and Investment Funds at the same time that the Affiliated Lending Funds' Cash Collateral is invested in Shares), the Bank (by acting as lending agent, investing Cash Collateral in Shares, and receiving a portion of the revenue generated by securities lending transactions), and the Investment Funds (by selling Shares to and redeeming Shares from the Lending Funds) could be deemed to be participants in a joint enterprise or other joint arrangement within the meaning of section 17(d) of the Act and rule 17d-1 under the Act. Applicants request an order in accordance with section 17(d) and rule 17d-1 to permit the transactions incident to the investment of Cash Collateral of the Lending Funds in the Investment Funds.

10. Applicants state that the investment by the Lending Funds in Shares will be on the same basis and will be indistinguishable from any other shareholder account maintained by the Investment Funds. In addition, applicants state that all investors in Shares will be subject to the same eligibility requirements imposed by the Investment Funds and all Shares will be priced in the same manner and will be redeemable under the same terms.

B. Payment of Lending Agent Fees to the Bank

1. Applicants also believe that a lending agent agreement between the Registered Lending Funds and the Bank, under which compensation is based on a share of the revenue generated by the Program, may be a joint enterprise or other joint arrangement within the meaning of section 17(d) of the Act and rule 17d-1 under the Act. Consequently, applicants request an order permitting the Registered Lending Funds to pay, and the Bank, as lending agent, to accept fees based on a share of the revenue generated by securities lending transactions under the Program.

2. Applicants propose that each Affiliated Lending Fund adopt the following procedures to ensure that the proposed fee arrangement and the other terms governing the relationship with the Bank, as lending agent, will meet the standards of rule 17d-1:

(a) In connection with the approval of the Bank as lending agent for an Affiliated Lending Fund and implementation of the proposed fee arrangement, a majority of the board of directors or trustees of the Affiliated Lending Fund (the “Board”), including a majority of the directors or trustees that are not “interested persons” as defined in section 2(a)(19) of the Act (“Independent Directors”), will determine that (i) the Lending Agreement with the Bank is in the best interests of the Affiliated Lending Fund and its shareholders, (ii) the services to be performed by the Bank are appropriate for the Affiliated Lending Fund, (iii) the nature and quality of the services provided by the Bank are at least equal to those services offered and provided by others, and (iv) the fees for the Bank's services are within the range of, but in any event no higher than, the fees charged by the Bank to comparable unaffiliated securities lending clients for services of the same nature and quality.

(b) Each Affiliated Lending Fund's Lending Agreement with the Bank for lending agent services will be reviewed annually by the Board and will be approved for continuation only if a majority of the Board, including a