

determined in light of those considerations set forth in the application.

c. The Schedule of Spreads will be uniformly applied to all Borrowers of the Affiliated Lending Fund's portfolio securities, and will specify the lowest allowable spread with respect to a loan of securities to any Borrower.

d. If a security is lent to an unaffiliated Borrower with a spread higher than the minimum set forth in the Schedule of Spreads, all comparable loans to Affiliated Borrowers will be made at no less than the higher spread.

e. The securities lending program for each Affiliated Lending Fund will be monitored on a daily basis by an officer of each Affiliated Lending Fund who is subject to section 36(a) of the Act. This officer will review the terms of each loan to Affiliated Borrowers for comparability with loans to unaffiliated Borrowers and conformity with the Schedule of Spreads, and will periodically, and at least quarterly, report his or her findings to the Affiliated Lending Fund's Board, including a majority of the Independent Directors.

15. The total value of securities loaned to any one Borrower on the approved list of Borrowers of securities from an Affiliated Lending Fund will be in accordance with a schedule to be approved by the Board of each Affiliated Lending Fund, but in no event will the total value of securities loaned to any one Affiliated Borrower exceed 10% of the net assets of the Affiliated Lending Fund, computed at market.

16. The Boards of the Affiliated Lending Funds, including a majority of the Independent Directors, (a) will determine no less frequently than quarterly that all transactions with the Affiliated Borrowers effected during the preceding quarter were effected in compliance with the requirements of the procedures adopted by the Boards and the conditions of this order if granted and that such transactions were conducted on terms that were reasonable and fair; and (b) will review no less frequently than annually such requirements and conditions for their continuing appropriateness.

17. The Affiliated Lending Funds will maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) which are followed in lending securities, and shall maintain and preserve for a period of not less than six years from the end of the fiscal year in which any loan occurs, the first two years in an easily accessible place, a written record of each loan setting forth the number of shares

loaned, the face amount of the securities loaned, the fee received (or the rebate rate remitted), the identity of the Borrower, the terms of the loan, and any other information or materials upon which the finding was made that each loan made to an Affiliated Borrower was fair and reasonable, and that the procedures followed in making such loan were in accordance with the procedures and other undertakings set forth in the application.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 26076; 812-12674]

Franklin Gold and Precious Metals Fund, et al.; Notice of Application

June 12, 2003.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 ("Act") for an exemption from sections 12(d)(1)(A) and (B) of the Act, under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint transactions.

APPLICANTS: Franklin Gold and Precious Metal Fund, Franklin Capital Growth Fund, Franklin High Income Trust, Franklin Custodian Funds, Inc., Franklin California Tax-Free Income Fund, Inc., Franklin New York Tax-Free Income Fund, Franklin Federal Tax-Free Income Fund, Franklin Tax-Free Trust, Franklin California Tax-Free Trust, Franklin New York Tax-Free Trust, Franklin Investors Securities Trust, Institutional Fiduciary Trust, Franklin Value Investors Trust, Franklin Managed Trust, Franklin Municipal Securities Trust, Franklin Floating Rate Master Trust, Franklin Strategic Mortgage Portfolio, Franklin Strategic Series, Adjustable Rate Securities Portfolios, Franklin Templeton International Trust, Franklin Global Trust, Franklin Real Estate Securities Trust, Franklin Templeton Global Trust, Franklin Templeton Variable Insurance Products Trust, Franklin Universal Trust, Franklin Multi-Income Trust,

Franklin Templeton Fund Allocator Series, Franklin Money Fund, Franklin Templeton Money Fund Trust, Franklin Federal Money Fund, Franklin Tax-Exempt Money Fund, Franklin Mutual Series Fund Inc., Franklin Floating Rate Trust, The Money Market Portfolios (collectively, the "Franklin Funds"); Templeton Growth Fund, Inc., Templeton Funds, Inc., Templeton Global Smaller Companies Fund, Inc., Templeton Income Trust, Templeton Capital Accumulator Fund (formerly, Templeton Capital Accumulator Fund Inc.), Templeton Global Opportunities Trust, Templeton Institutional Funds, Inc., Templeton Developing Markets Trust, Templeton Global Investment Trust, Templeton Emerging Markets Fund (formerly Templeton Emerging Markets Fund, Inc.), Templeton Global Income Fund, Inc., Templeton Emerging Markets Income Fund, Templeton China World Fund, Inc., Templeton Dragon Fund, Inc., Templeton Russia and East European Fund, Inc. (formerly, Templeton Russia Fund, Inc.) (collectively, the "Templeton Funds") FTI Funds; (the Franklin Funds, the Templeton Funds and the FTI Funds are collectively, together with any other registered management investment company or series thereof advised by an Adviser, as defined below, the "Franklin Templeton Funds"); Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Investment Advisory Services Inc., Franklin Mutual Advisers, LLC, Franklin Private Client Group, Inc., Templeton/Franklin Investment Services Inc., Templeton Investment Counsel, LLC, Franklin Templeton Asset Strategies, LLC, Fiduciary International, Inc., Franklin Templeton Investment Management Limited, Franklin Templeton Investments (Asia) Limited, Franklin Templeton Investments Corp., Templeton Asset Management LTD., Templeton Global Advisors Limited, Fiduciary Investment Management International, Inc., Fiduciary Trust International Limited, FTI Institutional, LLC ("Advisers"), together with any entity controlling, controlled by, or under common control with Advisers that acts in the future as investment adviser for the Franklin Templeton Funds, the Unregistered Funds (as defined below), or a Managed Account (as defined below) (included in the term "Advisers"); the Advisers on behalf of certain private investment companies or series thereof that are excluded from the definition of "investment company" pursuant to section 3(c)(1), section 3(c)(7) or section 3(c)(11) of the 1940 Act for which one of the Advisers