

by or under common control with Putnam Investment Management, LLC, the "Adviser").

Filing Dates: The application was filed on July 26, 2002, and amended on September 25, 2003.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on October 24, 2003, and should be accompanied by proof of service on the applicants, 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 who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609; Applicants, One Post Office Square, Boston, MA 02109.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Senior Counsel, at (202) 942-0634 or Todd Kuehl, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. The Funds are Massachusetts business trusts and are registered under the Act as open-end or closed-end management investment companies. The Adviser is an investment adviser registered under the Investment Advisers Act of 1940 and serves as investment adviser to each Fund.

2. Certain Funds, including money market Funds that comply with rule 2a-7 under the Act, (each, a "Participating Fund") have or may be expected to have cash that has not been invested in portfolio securities ("Uninvested Cash"). Uninvested Cash may result from a variety of sources, including dividends or interest received on portfolio securities, unsettled securities transactions, strategic reserves, matured investments, proceeds from liquidation of investment securities, dividend payments or money from investors. Certain Participating Funds also may

participate in a securities lending program ("Securities Lending Program") under which a Fund may lend its portfolio securities to registered broker-dealers or other institutional investors. The loans are secured by collateral, including cash collateral ("Cash Collateral" and together with Uninvested Cash, "Cash Balances"), equal at all times to at least the market value of the securities loaned. Currently, the Adviser can invest Cash Balances directly in money market instruments or other short-term debt obligations. All or a portion of certain Funds' Cash Balances may be managed by a sub-adviser to a Fund ("Sub-Adviser").

3. Applicants request an order to permit: (i) The Participating Funds to use their Cash Balances to purchase shares of one or more of the open-end Funds that are money market funds or short-term bond funds (the "Registered Central Funds") or private investment companies that serve as cash management vehicles, are advised by the Adviser, and rely on section 3(c)(1) or 3(c)(7) of the Act (the "Private Central Funds") (the Registered Central Funds and the Private Central Funds, collectively, the "Central Funds"); (ii) the Central Funds to sell their shares to and redeem such shares from the Participating Funds; (iii) the Participating Funds and the Private Central Funds to engage in interfund purchase and sale transactions in securities ("Interfund Transactions"); and (iv) the Adviser or a Sub-Adviser to effect the above transactions.¹

4. The investment by each Participating Fund in shares of the Central Funds will be in accordance with that Participating Fund's investment policies and restrictions as set forth in its registration statement.² The Registered Central Funds are or will be taxable or tax-exempt money market funds that comply with rule 2a-7 under the Act or short-term bond funds that maintain a dollar-weighted average portfolio maturity of three years or less. Certain Private Central Funds will comply with rule 2a-7 under the Act. Other Private Central Funds will invest

¹ Applicants request that any relief granted also apply to any other registered management investment company or series thereof now existing or established in the future, for which the Adviser serves as investment adviser (included in the term "Funds"). All Funds that currently intend to rely on the requested order are named as applicants. Any future Fund will rely on the order only in accordance with the terms and conditions of the application.

² A Participating Fund that is a money market Fund will not invest in a Central Fund that does not comply with rule 2a-7 under the Act.

in high quality securities with relatively short maturities.³

Applicants' Legal Analysis

I. Investment of Cash Balances by the Participating Funds in the Central Funds

A. Section 12(d)(1)

1. Section 12(d)(1)(A) of the Act provides that no investment company may acquire securities of a registered investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of other acquired investment companies, represent more than 10% of the acquiring company's assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction from any provision of section 12(d)(1) if and to the extent that such exemption is consistent with the public interest and the protection of investors. Applicants request relief under section 12(d)(1)(J) to permit the Participating Funds to use their Cash Balances to acquire shares of the Registered Central Funds in excess of the percentage limitations in section 12(d)(1)(A), provided however, that in all cases a Participating Fund's aggregate investment of Uninvested Cash in shares of the Central Funds will not exceed the greater of 25% of the Participating Fund's total assets or \$10 million. Applicants also request relief to permit the Registered Central Funds to sell their securities to the Participating Funds in excess of the percentage limitations in section 12(d)(1)(B).

3. Applicants state that the proposed arrangement will not result in the abuses that sections 12(d)(1)(A) and (B) were intended to prevent. Applicants state that the proposed arrangement will not result in inappropriate layering of fees and that a Participating Fund's shareholders will not be subject to the

³ A Private Central Fund that does not comply with rule 2a-7 may accept investments of Cash Collateral from Participating Funds (other than money market Funds), but will not accept investments from Participating Funds investing Uninvested Cash.