

imposition of double investment advisory fees. If a Central Fund offers more than one class of shares in which a Participating Fund may invest, the Participating Fund will invest its Cash Balances only in the class with the lowest expense ratio at the time of investment. Applicants also state that no front-end sales charge, contingent deferred sales charge, distribution fee under a plan adopted in accordance with rule 12b-1 under the Act ("Rule 12b-1 Fee") or service fee will be charged in connection with the purchase and sale of shares of the Central Funds. In addition, if the Adviser collects a fee from a Central Fund for acting as its investment adviser with respect to assets invested by a Participating Fund, when approving an investment advisory or sub-advisory contract under section 15 of the Act for the Participating Fund, the board of trustees of each Participating Fund ("Board"), including a majority of trustees who are not "interested persons," as defined in section 2(a)(19) of the Act ("Independent Trustees"), will consider to what extent, if any, the advisory fees charged to the Participating Fund by the Adviser or Sub-Adviser should be reduced to account for reduced services provided to the Participating Fund as a result of the investment of Uninvested Cash in the Central Fund. Applicants represent that no Central Fund will acquire securities of any other investment company in excess of the limitations contained in section 12(d)(1)(A) of the Act.

B. Section 17(a) of the Act

1. Section 17(a) of the Act makes it unlawful for any affiliated person of a registered investment company, acting as principal, to sell or purchase any security to or from the investment company. Section 2(a)(3) of the Act defines an affiliated person of an investment company to include any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person, any person 5% or more of whose outstanding securities are directly or indirectly owned, controlled, or held with power to vote by the other person, any person directly or indirectly controlling, controlled by, or under common control with the other person, and any investment adviser to the investment company. Because the Funds have the Adviser as investment adviser, they may be deemed to be under common control and thus affiliated persons of each other. In addition, if a Participating Fund

purchases more than 5% of the voting securities of a Central Fund, the Central Fund and the Participating Fund may be affiliated persons of each other. As a result, section 17(a) would prohibit the sale of the shares of Central Funds to the Participating Funds, and the redemption of the shares by the Participating Funds.

2. Section 17(b) of the Act authorizes the Commission to exempt a transaction from section 17(a) of the Act 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 permits the Commission to exempt persons or transactions 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.

3. Applicants submit that their request for relief to permit the purchase and redemption of shares of the Central Funds by the Participating Funds satisfies the standards in sections 6(c) and 17(b) of the Act. Applicants note that shares of the Central Funds will be purchased and redeemed at their net asset value, the same consideration paid and received for these shares by any other shareholder. Applicants state that the Participating Funds will retain their ability to invest Cash Balances directly in money market instruments as authorized by their respective investment objectives and policies if they can achieve a higher return or for any other reason. Applicants state that a Registered Central Fund has the right to discontinue selling shares to any of the Participating Funds if the Registered Central Fund's Board or the Adviser determines that such sale would adversely affect the Registered Central Fund's portfolio management and operations.

C. Section 17(d) of the Act and Rule 17d-1 under the Act

1. Section 17(d) of the Act and rule 17d-1 under the Act prohibit an affiliated person of a registered investment company, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates, unless the Commission has approved the joint arrangement. Applicants state that the Participating Funds, by purchasing

shares of the Central Funds, the Adviser, and any Sub-Adviser, by managing the assets of the Participating Funds invested in the Central Funds, and each of the Central Funds, by selling Shares to and redeeming them from the Participating Funds could be deemed to be participating in a joint arrangement within the meaning of section 17(d) and rule 17d-1.

2. In considering whether to approve a joint transaction under rule 17d-1, the Commission considers whether the registered investment company's participation in the joint transaction 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. Applicants state that the investment by the Participating Funds in shares of the Central Funds would be on the same basis and no different from or less advantageous than that of other participants. Applicants submit that the proposed transactions meet the standards for an order under rule 17d-1.

II. Interfund Transactions

1. Applicants state that certain Funds and Private Central Funds currently rely on rule 17a-7 under the Act to conduct Interfund Transactions. Rule 17a-7 under the Act provides an exemption from section 17(a) for a purchase or sale of certain securities between a registered investment company and an affiliated person (or an affiliated person of an affiliated person), provided that certain conditions are met, including that the affiliation between the registered investment company and the affiliated person (or an affiliated person of the affiliated person) must exist solely by reason of having a common investment adviser, common directors and/or common officers. Applicants state that the Participating Funds and Private Central Funds may not be able to rely on rule 17a-7 when purchasing or selling portfolio securities to each other, because some of the Participating Funds may own 5% or more of the outstanding voting securities of a Private Central Fund and, therefore, an affiliation would not exist solely by reason of such Participating Fund and such Private Central Fund having a common investment adviser, common directors and/or common officers.

2. Applicants request relief under sections 6(c) and 17(b) of the Act to permit the Interfund Transactions. Applicants submit that the requested relief satisfies the standards for relief in sections 6(c) and 17(b). Applicants state that the Funds and the Private Central