

to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W., Washington, DC 20549.

Dated: June 1, 1998.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23240; 812-11102]

The Munder Funds, Inc., et al.; Notice of Application

June 3, 1998.

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

ACTION: Notice of application under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from section 15(a) of the Act.

SUMMARY OF APPLICATION: Applicants seek an order to permit the implementation, without prior shareholder approval, of new investment advisory and sub-advisory agreements ("New Management Agreements") for a period of up to 150 days following the date on which a transfer of a controlling interest in Munder Capital Management ("MCM") occurs (but in no event later than November 30, 1998) (the "Interim Period"). The order also would permit MCM, World Asset Management ("World"), and Framlington Overseas Investment Management Limited ("Framlington Management"), following shareholder approval, to receive all fees earned under the New Management Agreements during the Interim Period.

APPLICANTS: The Munder Funds, Inc. ("Munder"), The Munder Funds Trust ("Munder Trust"), The Munder Framlington Funds Trust ("Framlington"), St. Clair Funds, Inc. ("St. Clair"), Select Asset Fund, Series 1, Inc. ("Select 1"), Select Asset Fund, Series 2, Inc. ("Select 2"), Great Lakes Fund, Inc. ("Great Lakes"), Huron Investment Fund, Inc. ("Huron"), Central Asset Fund, Inc. ("Central Asset"), Central Investment Fund, Inc. ("Central Investment"), Lernoult Investment Fund, Inc. ("Lernoult"), INVESCO Specialty Funds, Inc. ("INVESCO Specialty"), SEI Index Funds ("SEI Index") (collectively, the

"Investment Companies"), MCM, World, Framlington Management, and INVESCO Funds Group, Inc. ("INVESCO").

FILING DATES: The application was filed on April 8, 1998. Applicants have agreed to file an amendment during the notice period, the substance of which is included in this notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 29, 1998, and should be accompanied by proof of service on 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Munder, Munder Trust, Framlington, St. Clair, and MCM, 480 Pierce Street, Birmingham, Michigan 48009; World, 225 E. Brown Street, Suite 250, Birmingham, Michigan, 48009; Select 1, Select 2, Great Lakes, Huron, Central Asset, Central Investment, Lernoult, 411 W. Fafayette, Detroit, Michigan, 48226; INVESCO Specialty and INVESCO, 7800 E. Union Avenue, Denver, Colorado 80237; SEI, c/o CT Corporation, 2 Oliver Street, Boston, Massachusetts 02109; and Framlington Management, 155 Bishopsgate, London England EC2M 3XJ.

FOR FURTHER INFORMATION CONTACT: J. Amanda Machen, Senior Counsel, at (202) 942-7120, or Christine Y. Greenlees, 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 SEC's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549 (tel. 202-942-8090).

Applicants' Representations

1. The Investment Companies, each of which is organized either as a Maryland corporation or a Massachusetts business trust, are registered under the Act as open-end management investment companies. Munder and the Munder

Trust each offer fifteen investment portfolios. Framlington offers four investment portfolios, and St. Clair offers eleven. INVESCO Specialty is organized as a series fund.

2. MCM, World, and Framlington Management are investment advisers registered under the Investment Advisers Act of 1940. MCM serves as investment adviser to each portfolio of Munder, the Munder Trust, Framlington, and St. Clair. World serves as investment adviser to Select 1, Select 2, Great Lakes, Huron, Central Asset, Central Investment, Lernoult, and SEI Index, and as sub-adviser to a series of INVESCO Specialty. Framlington Management serves as sub-adviser to the portfolios of Framlington. INVESCO, a subsidiary of AMVESCAP, PLC, an international investment management company, serves as the investment adviser, administrator, and transfer agent for INVESCO Specialty.

3. MCM is a general partnership, whose interests are owned by Old MCM, Inc. (44%) ("Old MCM"), World Holdings, Inc. (44%), and Munder Group L.L.C. (12%) (the "Munder Group"). Mr. Lee P. Munder ("Mr. Munder"), Chairman of MCM, indirectly owns 44% of MCM through his ownership interests in Old MCM and the Munder Group. Comerica Incorporated ("Comerica"), a bank holding company, indirectly owns 44% of MCM through its wholly-owned subsidiary, World Holdings, Inc. World is wholly-owned by MCM.

4. Comerica and Mr. Munder have reached an agreement under which Comerica will purchase 85% of Old MCM's interest in MCM and 85% of Mr. Munder's interest in the Munder Group (the "Transaction"), after which Comerica will own or control 88% of the partnership interests in MCM.

5. Applicants state that consummation of the Transaction will result in a transfer of a controlling block of MCM's outstanding voting securities. Applicants believe, therefore, that consummation of the Transaction may result in an assignment and, thus, the termination of the current management agreements between MCM or World and each of the Investment Companies, the current sub-advisory agreements between MCM, Framlington and Framlington Management, and the current sub-advisory agreement between World and INVESCO (collectively, the "Current Management Agreements"). Applicants request an exemption to permit the implementation, without prior shareholder approval, of the New Management Agreements. The requested exemption would cover an Interim Period of not more than 150 days,

beginning on the date on which the Transaction is consummated and continuing with respect to each Investment Company through the date on which each New Advisory Agreement is approved or disapproved by the Investment Company's shareholders, but in no event after November 30, 1998. Applicants state that the terms and conditions of the corresponding Current and New Management Agreements will be the same in all material respects. While the scheduled closing of the Transaction is expected on or before June 30, 1998, applicants state that the closing will not occur until receipt of the requested order.

6. The boards of directors/trustees of the Investment Companies (the "Boards") met, in accordance with section 15(c) of the Act, to consider the implications of the Transaction.¹ After a full evaluation, the Boards, including a majority of the non-interested directors/trustees, voted to approve the New Management Agreements as consistent with the best interests of each Investment Company and its shareholders, and to submit the New Management Agreements to shareholders.

7. Applicants propose to enter into an escrow arrangement with an unaffiliated financial institution ("Escrow Agent"), and fees earned under the New Management Agreements during the Interim Period will be paid into an account maintained by the Escrow Agent. The Escrow Agent will release the amounts held in the escrow account (including any interest earned): (a) to MCM, World, or Framlington only upon approval by the shareholders of the relevant Investment Company; or (b) to the relevant Investment Company in the absence of approval by its shareholders. Before any amounts are released from the escrow account, the relevant Board will be notified.

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in pertinent part, that it shall be unlawful for any person to serve or act as an investment adviser of a registered investment company, except pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of the registered investment company. Section 15(a) of the Act further requires that the

written contract provide for automatic termination in the event of its "assignment." Section 2(a)(4) of the Act defines "assignment" to include any direct or indirect transfer of a contract by the assignor, or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor.

2. Applicants state that the consummation of the Transaction will result in a transfer of a controlling block of MCM's outstanding voting securities. Applicants believe, therefore, that the consummation of the Transaction may result in an "assignment" of the Current Management Agreements and that the Current Management Agreements may terminate by their terms and in accordance with the Act as a result of the Transaction.

3. Rule 15a-4 under the Act provides, in pertinent part, that if an investment advisory contract with an investment company is terminated by an assignment in which the adviser does not directly or indirectly receive a benefit, the adviser may continue to serve for 120 days under a written contract that has not been approved by the company's shareholders, provided that: (a) the new contract is approved by the company's board of directors (including a majority of the non-interested directors); (b) the compensation to be paid under the new contract does not exceed the compensation that would have been paid under the contract most recently approved by the company's shareholders; and (c) neither the adviser nor any controlling person of the adviser "directly or indirectly receives money or other benefit" in connection with the assignment. Applicants state that they cannot rely on rule 15a-4 because Mr. Munder and Comerica may be deemed to receive a benefit in connection with consummation of the Transaction.

4. Section 6(c) provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that such 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. Applicants assert that the requested relief meets this standard.

5. Applicants submit that the terms and timing of the closing of the Transaction were dictated by a partnership agreement entered into by Mr. Munder and Comerica upon formation of MCM in 1994 and, therefore, were determined by factors beyond the scope of the Act and

substantially unrelated to the Investment Companies. Applicants state that there is insufficient time to gain shareholder approval of the New Management Agreements before closing of the Transaction. Applicants also state that the requested relief would permit continuity of investment management of the Investment Companies, without interruption, following consummation of the Transaction.

6. Applicants submit that the scope and quality of investment advisory services provided for the Investment Companies during the Interim Period will not be diminished. Applicants assert that the Investment Companies should receive, during the Interim Period, equivalent investment management services, provided in substantially the same manner and at the same fee level, by substantially the same personnel, as they receive under the Current Management Agreements. Applicants state that, in the event of any material change in personnel, MCM, World, and Framlington Management will apprise and consult the Boards to assure that the Boards, including a majority of the non-interested directors/trustees, are satisfied that the services provided by MCM, World, and Framlington Management will not be diminished in scope or quality.

7. Applicants note that the fees payable to MCM, World, and Framlington Management under the New Management Agreements have been approved by the appropriate Board, including a majority of the non-interested directors/trustees, and that the fees are the same as are payable under the Current Management Agreements. Applicants also state that the fees will not be released to MCM, World, or Framlington Management by the Escrow Agent without the approval of the New Management Agreements by the relevant Investment Company's shareholders.

Applicants' Conditions

Applicants agree that any order of the SEC granting the requested relief will be subject to the following conditions:

1. The New Management Agreements will have the same terms and conditions as the Current Management Agreements, except for their effective and termination dates.

2. Fees earned by MCM, World, and Framlington Management during the Interim Period will be maintained in an interest-bearing account with an unaffiliated financial institution, and amounts in the account (including interest earned on such amounts) will be paid (a) to MCM, World, and Framlington Management in accordance

¹ The Boards of Munder, Munder Trust, Framlington, and St. Clair met on April 7, 1998. The Boards of Select 1, Select 2, Great Lakes, Huron, Central Asset, Central Investment, and Lernoult met on May 7, 1998. The INVESCO Specialty Board met on May 13, 1998, and the Board of SEI Index Funds met on May 18, 1998.

with the New Management Agreements, after the requisite shareholder approval of the New Management Agreements is obtained, or (b) to such Investment Company in the absence of shareholder approval.

3. The Investment Companies will convene special meetings of shareholders to approve the New Management Agreements on or before the 150th day following termination of the Current Management Agreements (but in no event later than November 30, 1998).

4. The Investment Companies will not bear the costs of preparing and filing the Application, or any costs relating to the solicitation of approval of each Investment Company's shareholders of the New Management Agreements. These costs will be borne by MCM and World.

5. MCM, World, and Framlington will take all appropriate actions to ensure that the scope and quality of investment management services provided to the Investment Companies during the Interim Period will be at least equivalent, in the judgment of the Boards, including a majority of the non-interested directors/trustees, to the scope and quality of such services provided prior to the Interim Period. In the event of any material change in personnel providing services pursuant to the New Management Agreements, MCM, World, or Framlington Management, as appropriate, will apprise and consult with each Board to assure that the Board, including a majority of the non-interested directors/trustees, is satisfied that the services provided will not be diminished in scope or quality.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40057; File No. SR-GSCC-98-02]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of a Proposed Rule Change Regarding the Implementation of the GCF Repo Service

June 2, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act"),¹ notice is hereby given that on April 10, 1998, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by GSCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will allow GSCC to implement a new service called the "GCF Repo service." The GCF Repo service will allow GSCC's dealer members to trade general collateral repos involving Government securities throughout the day without requiring intraday, trade-for-trade settlement on a delivery-versus-payment ("DVP") basis.²

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, GSCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. GSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The GCF Repo service has been developed as part of a collaborative effort among GSCC, its clearing banks,⁴ industry representatives service on GSCC's Repo Implementation Committee, and its associated GCF Repo Working Group.

(1) General

The GCF Repo service will enable netting members of GSCC that are not interdealer brokers ("dealers") to trade general collateral repos, based on rate and term, with interdealer broker netting members of GSCC ("brokers") on a blind basis throughout each day. Brokers will be required to submit GCF Repo trade data to GSCC within five minutes of trade execution through a new terminal function. Brokers will not be able to submit GCF Repo trades in batch. Upon receipt of the trade data, GSCC immediately will report transaction details to dealers through a terminal dynamic display facility, and the GCF Repos will receive GSCC's settlement guarantee. Standardized, generic CUSIP numbers established exclusively for the GCF Repo service will be used to specify the acceptable type of underlying Fedwire book-entry eligible collateral, which will include Treasuries, Agencies, and mortgage-backed securities.⁵

Daily submission cutoff for GCF Repo trades will occur five minutes after a predetermined trading deadline, which initially will be 3:30 p.m. GSCC will reject all trades submitted for same-day processing that are received after the cutoff. Dealers initially will have until 3:45 p.m. to affirm or disaffirm trade data submitted against them by a broker. If a dealer takes no action either to affirm or to disaffirm trade data, the trade automatically will be deemed to be affirmed. GSCC will then conduct an afternoon net exclusively for GCF Repo activity and will establish a single net receive or deliver obligation for dealer members in each generic CUSIP.

Each dealer with a net deliver obligation will allocate acceptable securities (determined by the generic CUSIP) and will deliver those securities on a DVP basis to a GSCC account within the dealer's clearing bank using a modified triparty arrangement. GSCC will then instruct the clearing bank to deliver those securities to dealers that have net receive obligations. All GCF Repo activity will settle between dealers

⁵ Because GCF Repo trades will be conducted on a blind-brokered basis, the specific collateral will not be known at the time of the trade. Brokers will submit all GCF Repo trades to GSCC using generic general collateral CUSIPs that denote the underlying security. GSCC expects that the initial types of generic CUSIPs that will be used for GCF Repo activity will denote the following categories of securities: all Treasury securities, Treasury securities with a remaining maturity of ten years and under, all Fedwire-eligible Agency securities, and all Fedwire-eligible mortgage-backed securities. GSCC will continuously review with the members of its Repo Implementation Committee and with appropriate Bond Market Association committees the appropriateness of making eligible other types of generic CUSIPs.

¹ 15 U.S.C. 78s(b)(1).

² The complete text of the proposed rule change is attached as Exhibit A to GSCC's filing, which is available for inspection and copying at the Commission's public reference room and through GSCC.

³ The Commission has modified the text of the summaries prepared by GSCC.

⁴ Currently, GSCC's clearing banks are The Bank of New York and The Chase Manhattan Bank. Under the proposed rule change, any clearing bank that meets GSCC's operational requirements will be able to provide GCF Repo settlement services to GSCC netting members.