

total assets at any time. Applicants also request relief to permit the Money Market Fund to sell its securities to an Investing Fund in excess of the percentage limitations in section 12(d)(1)(B). Applicants represent that the Money Market Fund will not acquire securities of any other investment company in excess of the limitations contained in section 12(d)(1)(A) of the Act.

3. Applicants believe that the proposed arrangement does not result in the abuses that sections 12(d)(1) (A) and (B) were intended to prevent.

Applicants represent that the proposed arrangement will not result in an inappropriate layering of fees because shares of the Money Market Fund sold to the Investing Funds will not be subject to a sales load, redemption fee, asset-based distribution fee or service fee. In addition, the Advisers will waive their investment advisory fees for each Investing Fund in an amount that offsets the amount of the advisory fees of the Money Market Fund incurred by the Investing Fund.

4. 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 company. Because each Series may be deemed to be under common control with the other Series, it may be an "affiliated person," as defined in section 2(a)(3) of the Act, of the other Series. Accordingly, applicants state that the sale of shares of the Money Market Fund to the Investing Funds, would be prohibited under section 17(a) of the Act.

5. 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 fair and reasonable and do not involve overreaching on the part of any person concerned, the proposed transaction is consistent with the policy of each 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.

6. The Investing Funds will retain their ability to invest their cash balances directly into money market instruments if they believe that they can obtain a higher return. The Money Market Fund has the right to discontinue selling shares to any of the Investing Funds if

its board of trustees determines that such sales would adversely affect the portfolio management and operations of the Money Market Fund. In addition, applicants state that shares of the Money Market Fund will be purchased and redeemed at their net asset value, the same consideration paid and received for these shares by any other shareholder. Therefore, applicants believe that the proposal satisfies the standards for relief in sections 17(b) and 6(c) of the Act.

7. Section 17(d) of the Act and rule 17d-1 under the Act prohibit an affiliated person of an 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. Applicants state that each Investing Fund, by purchasing shares of the Money Market Fund; each Adviser of an Investing Fund, by managing the assets of the Investing Funds invested in the Money Market Fund; and the Money Market Fund, by selling shares to the Investing Funds, could be participants in a joint enterprise within the meaning of section 17(d)(1) of the Act and rule 17d-1 under the Act.

8. Rule 17d-1 under the Act permits the Commission to approve a joint transaction covered by the terms of section 17(d). In determining whether to approve a transaction, the Commission considers whether the proposed transaction is consistent with the provisions, policies, and purposes of the Act, and the extent to which the participation of the investment companies is on a basis different from or less advantageous than that of the other participants. Applicants submit that the Series will participate in the proposed transactions on a basis not different from or less advantageous than that of any other participant and that the transactions will be consistent with the Act.

Applicants' Conditions

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

1. Shares of the Money Market Fund sold to and redeemed by the Investing Funds will not be subject to a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b-1 under the Act, or service fee (as defined in rule 2830 of the NASD's Conduct Rules).

2. The Advisers will waive their advisory fee for each Investing Fund in an amount that offsets the amount of the advisory fees of the Money Market Fund incurred by the Investing Funds. Any of

these fees remitted or waived will not be the subject to recoupment by the Advisers at a later date.

3. Each Investing Fund will invest Uninvested Cash in, and hold shares of, the Money Market Fund only to the extent that the Investing Fund's aggregate investment in the Money Market Fund does not exceed 25% of the Investing Fund's total assets. For purposes of this limitation, each Investing Fund will be treated as a separate investment company.

4. Investment in shares of the Money Market Fund will be in accordance with each Investing Fund's respective investment restrictions and will be consistent with each Investing Fund's policies as set forth in its prospectuses and statements of additional information.

5. Each Investing Fund and any future fund that may rely on the order requested will be advised by the Adviser or an entity controlling, controlled by, or under common control with the Adviser.

6. The Money Market Fund will not acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-22295 Filed 8-18-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23389; 812-11244]

Zurich Insurance Company, et al.; Notice of Application

August 14, 1998.

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

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 THE APPLICATION: The requested order would permit the implementation, without prior shareholder approval, of new investment advisory and sub-advisory agreements for a period of up to 150 days following the later of: (i) consummation of the merger between Zurich Insurance Company ("Zurich") and B.A.T Industries p.l.c. ("B.A.T."), or (ii) the date on which the requested

order is issued (but in no event later than March 31, 1999) (the "Interim Period"). The order also would permit, following shareholder approval, Scudder Kemper Investments, Inc. ("Scudder Kemper") to receive all fees earned during the Interim Period.

APPLICANTS: Zurich and Scudder Kemper.

FILING DATES: The application was filed on August 4, 1998, and amended on August 14, 1998.

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 SEC by 5:30 p.m. on September 3, 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 who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Zurich Financial Services, Mythenquai 2, 8022 Zurich, Switzerland. Scudder Kemper Investments, Inc., 345 Park Avenue, New York, NY 10154.

FOR FURTHER INFORMATION CONTACT: Kathleen L. Knisely, Staff Attorney, at (202) 942-0517, or Nadya B. Roytblat, Assistant Director, 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, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

Applicants' Representations

1. Zurich, A Swiss corporation, is engaged directly and through its subsidiaries and affiliates in various financial services businesses. Zurich, through its subsidiaries, owns approximately 70% of the outstanding voting securities of Scudder Kemper. The remaining 30% is owned by officers and employees of Scudder Kemper. Scudder Kemper, a Delaware corporation, is an investment adviser registered under the Investment Advisers Act of 1940 and currently serves as investment adviser or sub-adviser to various investment

companies registered under the Act ("Funds").¹

2. On December 22, 1997, Zurich and B.A.T entered into a merger agreement ("Merger Agreement"), pursuant to which the financial services businesses of B.A.T will be combined with Zurich's financial services businesses, through a series of transactions (collectively, the "Transaction"). In the Transaction, Zurich intends to establish a holding company, Zurich Allied AG, a Swiss corporation ("Zurich Allied"), the shares of which will be exchanged for Zurich shares by way of a public exchange offer to the Zurich shareholders. Zurich Allied will then contribute all of the Zurich shares exchanged by the Zurich shareholders to Zurich Financial Services ("ZFS"), a

¹ Scudder Kemper serves as investment adviser to the following Funds: Kemper Adjustable Rate U.S. Government Fund, Kemper Aggressive Growth Fund, Kemper Asian Growth Fund, Kemper Blue Chip Fund, Kemper Diversified Income Fund, Kemper Equity Trust, Kemper Europe Fund, Kemper Global Income Fund, Kemper Global/International Series, Inc., Kemper Growth Fund, Kemper High Income Trust, Kemper High Yield Series, Kemper Horizon Fund, Kemper Income and Capital Preservation Fund, Kemper International Fund, Kemper National Tax-Free Income Series, Kemper Portfolios, Kemper Quantitative Equity Fund, Kemper Securities Trust, Kemper Small Capitalization Equity Fund, Kemper State Tax-Free Income Series, Kemper Target Equity Fund, Kemper Technology Fund, Kemper Total Return Fund, Kemper U.S. Government Securities Fund, Kemper Value Series, Inc., Kemper Value+Growth Fund, Tax-Exempt California Money Market Fund, Zurich Money Funds, Zurich YieldWise Money Fund, AARP Cash Investment Funds, AARP Income Trust, AARP Tax Free Income Trust, AARP Growth Trust, AARP Managed Investment Portfolios Trust, Global/International Fund, Inc., Investment Trust, Scudder California Tax Free Trust, Scudder Cash Investment Trust, Scudder Fund, Inc., Scudder Funds Trust, Scudder GNMA Fund, Scudder Institutional Fund, Inc., Scudder International Fund, Inc., Scudder Municipal Trust, Scudder Mutual Funds, Inc., Scudder Pathway Series, Scudder Portfolio Trust, Scudder Securities Trust, Scudder State Tax Free Trust, Scudder Tax Free Money Fund, Scudder Tax Free Trust, Scudder U.S. Treasury Money Fund, Scudder Variable Life Investment Fund, The Japan Fund, Inc., Value Equity Trust, The Growth Fund of Spain, Inc., Kemper Strategic Income Fund, Kemper Strategic Municipal Income Trust, Kemper Intermediate Government Trust, Kemper Multi-Market Income Trust, Kemper Municipal Income Trust, The Argentina Fund, Inc., Montgomery Street Income Securities, Scudder Global High Income Fund, Inc., Scudder New Asia Fund, Inc., Scudder New Europe Fund, Inc., Scudder Spain & Portugal Fund, Inc., The Brazil Fund, Inc., The Korea Fund, Inc. Scudder Kemper serves as sub-adviser to the following Funds: Alameda-Contra Costa Medical Association Collective Investment Trust Retirement Plans, Portfolio Partners, Inc.'s Scudder International Growth Portfolio, Pacific Innovations Managed Bond Fund, The Horace Mann Mutual Funds, Managers International Equity Fund, Managers Income Equity Fund, Metropolitan Series Fund, Inc., Touchstone Growth & Income Fund A, Touchstone Growth & Income Fund C, Global Advisory Network Trust, Portfolios Select Advisors Variable Insurance Trust, John Hancock Variable Series Trust I, The Legends Fund, Inc., Rodney Square Strategic Equity Fund.

newly formed Swiss corporation, and receive in exchange securities representing 57% of the voting capital stock of ZFS. B.A.T will establish a new holding company, Allied Zurich p.l.c., a United Kingdom corporation ("Allied Zurich"). B.A.T shareholders will receive shares of Allied Zurich in exchange for their shares of B.A.T. Allied Zurich will then contribute all the B.A.T shares to ZFS in exchange for securities representing the remaining 43% of the voting capital stock of ZFS. Zurich Allied, Allied Zurich, and ZFS initially will have separate boards of directors.

3. Applicants state that the acquisition by Allied Zurich of the 43% interest in ZFS upon consummation of the Transaction may constitute a change in control of Scudder Kemper under the Act. Applicants thus state that the Transaction may therefore result in an assignment of Scudder Kemper's existing advisory and subadvisory agreements with the Funds ("Existing Advisory Agreements") and their automatic termination. Applicants expect the Transaction to be consummated in early September, 1998 ("Closing Date").

4. Applicants request an exemption to permit the implementation prior to obtaining shareholder approval, of new investment advisory and sub-advisory agreements between Scudder Kemper and the Funds ("New Advisory Agreements"). The requested exemption would cover the Interim Period, which would begin on the later of the Closing Date, or the date on which the requested order is issued and would continue through the earlier of (i) 150 days or (ii) the date on which the New Advisory Agreement is approved or disapproved by the Fund's shareholders (but in no event later than March 31, 1999).² The requested exemption also would permit Scudder Kemper to receive all fees that it earns under the New Advisory Agreements during the Interim Period, upon approval of the New Advisory Agreements by the Fund's shareholders. Applicants represent that the New Advisory Agreements will have the same terms and conditions as the

² Applicants state that if the Closing Date precedes the issuance of the order, Scudder Kemper will serve as investment adviser after the Closing Date and prior to the issuance of the order in a manner consistent with its fiduciary duty to provide investment advisory services to the funds even though approval of the New Advisory Agreements has not yet been secured from the Funds' respective shareholders. Applicants submit that in such event Scudder Kemper will be entitled to receive from the Funds, with respect to the period from the Closing Date until the receipt of the order, no more than the actual out-of-pocket cost to Scudder Kemper for providing investment advisory services to the Funds.

Existing Advisory Agreements, except for the dates of execution and termination and, as applicable, the addition of certain break points in the fee structure.³

5. Applicants state that the board of directors of the Funds (collectively, "Boards") will hold a meeting prior to the Closing Date to consider and evaluate the New Advisory Agreements and determine whether the terms of the New Advisory Agreements are in the best interest of the Funds and their respective shareholders. Applicants state that at this meeting the Boards will receive from applicants all information reasonably necessary to evaluate whether the terms of the New Advisory Agreements are in the best interests of the Funds and their respective shareholders. Applicants state that each New Advisory Agreement will not be implemented unless (i) the respective Board, including in each case a majority of the board members who are not "interested persons," as that term is defined in section 2(a)(19) of the Act ("Independent Directors"), votes in accordance with section 15(c) of the Act, to approve the New Advisory Agreement; and (ii) the Board votes to recommend that shareholders of the Fund approve the New Advisory Agreement.⁴

6. Fees earned under the New Advisory Agreements during the Interim Period will be maintained in an interest-bearing escrow account with an unaffiliated bank. The escrow agent will release the amounts held in the escrow account (including any interest earned): (i) to Scudder Kemper, only upon approval of the New Advisory Agreements by the shareholders of the relevant Fund; or (ii) to the relevant Fund, in absence of approval by its shareholders. Before amounts are released from the escrow account, the 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 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) further requires that the written contract provide for its 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 acquisition of voting securities of ZFS by Allied Zurich could be deemed to result in a change of control of Scudder Kemper. Applicants believe, therefore, that the Transaction may result in the "assignment" of the existing agreements, thus terminating the agreements pursuant to their terms and the Act.

3. Rule 15a-4 under the Act provides, in pertinent part, that if an investment advisory contract with a registered investment company is terminated by assignment, 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: (1) the new contract is approved by that company's board of directors (including a majority of non-interested directors); (ii) 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 (iii) neither the adviser nor any controlling person of the adviser "directly or indirectly receives money or other benefit" in connection with the assignment. Applicant state that they may not be entitled to rely on rule 15a-4 because of the benefits that Zurich and Scudder Kemper will receive from the Transaction.

4. Section 6(c) of the Act provides that the Commission 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.

5. Applicants request an exemption under section 6(c) from section 15(a) to permit the implementation, prior to shareholder approval, of New Advisory Agreements. Applicants state the timing of the Transaction was determined in response to a number of business concerns substantially unrelated to the Funds or Scudder Kemper. Applicants also state that there is not a sufficient opportunity prior to the Closing Date to

secure prior approval of the New Advisory Agreements by the Funds' shareholders. Applicants assert that the granting of the requested order will ensure the continuity of investment advisory services to the Funds, and permit applicants to obtain sufficient shareholder response to proxy solicitations.

6. Applicants submit that they take all appropriate actions to prevent any diminution in the scope of quality of services provided to the Funds during the Interim Period. Applicants state that the Existing Advisory Agreements were approved by the Boards and the shareholders of the Funds. Applicants represent that the New Advisory Agreements will have the same terms and conditions as the Existing Advisory Agreements, except for the dates of execution and termination, and as applicable, the addition of certain break points in the fee structure. Accordingly, applicants assert that each Fund will receive, during the Interim Period, substantially identical investment advisory and/or sub-advisory services, provided in the same manner, as it received prior to the Closing Date. Applicants state that, in the event there is any material change in the personnel providing services under the New Advisory Agreements during the Interim Period, Scudder Kemper will apprise and consult the Board of the affected Fund to assure that the Board, including a majority of Independent Directors, are satisfied that the services provided by Scudder Kemper will not be diminished in scope or quality.

7. Applicants contend that to deprive Scudder Kemper of its customary fees during the Interim Period would be an unduly harsh and unreasonable penalty. Applicants note that the fees payable to Scudder Kemper under the New Advisory Agreements will not be released to Scudder Kemper by escrow agent without the approval of the Fund shareholders.

Applicants' Conditions

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

1. The New Advisory Agreements will contain the same terms and conditions as the Existing Advisory Agreements, except for the dates of execution and termination and, as applicable, the addition of certain break points in the fee structure.

2. Fees earned by Scudder Kemper during the Interim Period will be maintained in an interest-bearing escrow account with an unaffiliated escrow agent, and amounts in the account (including interest earned on

³ Applicants have determined that the addition of break points to certain of Scudder Kemper's Existing Advisory Agreements need not be approved by the shareholders of the affected Funds as the break points will only reduce the advisory fees otherwise payable by those Funds as each Fund's assets increase. See *Limited Term Municipal Fund, Inc.* (pub. avail. Nov. 17, 1992).

⁴ To the extent that a Fund's Board cannot meet prior to the Closing Date, applicants acknowledge that the Fund may not rely on the exemptive relief requested in the application.

such amounts) will be paid (a) to Scudder Kemper only upon approval of each New Advisory Agreement by a Fund's shareholder or (b) in the absence of such approval prior to the expiration of the Interim Period, to the Fund.

3. Each Fund will promptly schedule a meeting of shareholders to vote on the approval of the New Advisory Agreements to be held within 150 days following the commencement of the Interim Period (but in no event later than March 31, 1999).

4. Applicants will pay the costs of preparing and filing the application and the costs relating to the solicitation of approval of Fund shareholders of the New Advisory Agreements necessitated by the Transaction.

5. Applicants will take all appropriate steps to ensure that the scope and quality of investment advisory and other services provided to the Funds by Scudder Kemper during the Interim Period will be at least equivalent, in the judgment of the Boards, including a majority of Independent Directors, to the scope and quality of services currently provided by Scudder Kemper. In the event of any material change in the personnel providing services pursuant to the New Advisory Agreements, Scudder Kemper will apprise and consult with the Board of the affected Funds, to ensure that the Boards, including a majority of Independent Directors, are satisfied that the services provided will not be diminished in scope or quality.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-22296 Filed 8-18-98; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

AGENCY: Small Business Administration.

ACTION: Notice of Reporting Requirements Submitted for OMB Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATES: Submit comments on or before September 18, 1998. If you intend to

comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

COPIES: Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

ADDRESSES: Address all comments concerning this notice to: Agency Clearance Officer, Jacqueline White, Small Business Administration, 409 3rd Street, SW, 5th Floor, Washington, DC 20416; and OMB Reviewer, Victoria Wassmer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Jacqueline White, Agency Clearance Officer, (202) 205-6629.

SUPPLEMENTARY INFORMATION:

Title: Disaster Survey Worksheet.

Form No.: 987.

Frequency: On Occasion.

Description of Respondents:

Individuals, Businesses and Public Officials within an area requesting a Disaster Declaration.

Annual Responses: 4,000.

Annual Burden: 332.

Title: Transaction Report on Loans Serviced by Lenders.

Form No.: 172.

Frequency: Monthly.

Description of Respondents: Small Business Administration Participating Lenders.

Annual Responses: 25,284.

Annual Burden: 3,865.

Dated: August 10, 1998.

Vanessa Smith,

Acting Chief, Administrative Information Branch.

[FR Doc. 98-22274 Filed 8-18-98; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3057]

State of California; Amendment #6

In accordance with a notice from the Federal Emergency Management Agency dated August 3, 1998, the above-numbered Declaration is hereby amended to include Del Norte County, California as a disaster area due to damages caused by severe winter storms and flooding beginning on February 2, 1998 and continuing April 30, 1998.

In addition, applications for economic injury loans from small businesses located in the contiguous Counties of

Curry and Josephine in the State of Oregon may be filed until the specified date at the previously designated location. Any counties contiguous to the above-named primary county and not listed herein have been previously declared.

Applications for physical damages for victims in Del Norte County will be accepted through October 2, 1998. The dateline for filing applications for economic injury is November 9, 1998.

The economic injury number for Oregon is 997200.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

Dated: August 11, 1998.

Bernard Kulik,

Associate Administrator for Disaster Assistance.

[FR Doc. 98-22271 Filed 8-18-98; 8:45 am]

BILLING CODE 8025-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3121]

State of Indiana

Bartholomew County and the contiguous counties of Brown, Decatur, Jackson, Jennings, Johnson, and Shelby in the State of Indiana constitute a disaster area as a result of damages caused by severe storms and flooding that occurred on July 20, 1998. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on October 5, 1998 and for economic injury until the close of business on May 5, 1999 at the address listed below or other locally announced locations:

Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta GA 30308
The interest rates are;

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere.	6.875
Homeowners without credit available elsewhere.	3.437
Businesses with credit available elsewhere.	8.000
Businesses and non-profit organizations without credit available elsewhere.	4.000
Others (including non-profit organizations) with credit available elsewhere.	7.125
For Economic Injury:	
Business and small agricultural cooperatives without credit available elsewhere.	4.000