

are permitted to provide custodial services. CDC is subject to the same laws and regulatory authorities governing its custodial activities as govern the custodial activities of banks in France. CDC's custodial services are overseen and inspected by the Financial Market Commission and the Commission des Operations de Bourse, the same agencies that oversee and inspect custodial services provided by French banks.

4. Applicant states that CDC is not immune from suit by its creditors, including customers of CDC's custodial services. While CDC as a public entity under French law is immune from forced execution (or attachment), CDC is not restricted in its ability to pay claims or judgments out of its assets. Applicant states that under French law, CDC must pay a money judgment rendered by any French court of law and, if CDC fails to pay the judgment within four months of being notified of the court decision, CDC must pay a penalty.

5. CDC requests an order to permit any U.S. Investment Company and any custodian or subcustodian for a U.S. Investment Company to maintain assets in the custody of CDC consistent with the requirements of rule 17f-5 under the Act discussed below.

Applicant's Legal Analysis

1. Section 17(f) of the Act requires every registered management investment company to place and maintain its securities and similar investments in the custody of certain enumerated entities, including a bank having at all times aggregate capital, surplus, and undivided profits of at least \$500,000. A "bank," as that term is defined in section 2(a)(5) of the Act, includes: (a) a banking institution organized under the laws of the United States; (b) a member bank of the Federal Reserve System; and (c) any other banking institution or trust company, whether incorporated or not, doing business under the laws of any state or of the United States, a substantial portion of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks, which is supervised or examined by state or federal authority having supervision over banks, and which is not operated for the purposes of evading the Act.

2. The only entities located outside the United States that section 17(f) authorizes to serve as custodians for U.S. Investment Companies are the overseas branches of qualified U.S. banks. Rule 17f-5 under the Act, however, expands the group of entities that are permitted to serve as foreign

custodians. The rule defines the term "Eligible Foreign Custodian" to include, among others, an entity incorporated or organized under the laws of a foreign country that is a banking institution or trust company regulated as such by the foreign country's government or government agency. CDC states that it is not an Eligible Foreign Custodian under rule 17f-5 of the Act because it is a special entity under French law and is not regulated as a banking institution or trust company, nor is it a securities depository or clearing agency under rule 17f-5.

3. Section 6(c) of the Act provides that the SEC may, conditionally or unconditionally, exempt any person or class of persons from any provisions of the Act or from any rule under the Act if, and to the extent that, 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. CDC requests relief from section 17(f) to permit U.S. Investment Companies to treat CDC as an Eligible Foreign Custodian for purposes of rule 17f-5. In selecting CDC as a foreign custodian, a U.S. Investment Company would be required to comply with all of the requirements of rule 17f-5, as now in effect or as it may be amended.¹

4. CDC states that it is the largest custodian of securities in France. CDC further states that it voluntarily complies with the regulations, such as the solvency ratio regulations, risk control, and accounting rules, that are applicable to French banks. CDC also states that its custodial services are subject to the same regulatory oversight as the custodial services provided by French banks. CDC thus asserts that assets of U.S. Investment Companies in the custody of CDC will have the same or greater protection as in the custody of a French bank. CDC states that it would be consistent with the protection of investors and the policies underlying the Act to treat CDC as a bank for purposes of rule 17f-5.

Applicant's Conditions

Applicant agrees that any order granting the requested relief will be subject to the following conditions:

1. The foreign custody arrangements that involve CDC will comply with all provisions of rule 17f-5, as now in effect or as it may be amended, except paragraph (a)(1) to the extent CDC does

¹ Those requirements include, among others, procedures for selecting, contracting with, and monitoring a foreign custodian.

not meet the definition of Eligible Foreign Custodian.

2. CDC will continue to comply voluntarily with French banking regulations concerning risk controls, solvency ratios, and accounting standards.

3. CDC's custodial activities will be subject to regulation by the same agencies that regulate the custodial activities of French banks.

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

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (The Quaker Oats Company, Common Stock, \$5.00 Par Value, and Attached Preferred Stock Purchase Rights) File No. 1-00012

July 26, 1999.

The Quaker Oats Company ("Company") has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated thereunder, to withdraw the above specified securities ("Securities") from listing and registration on the Pacific Exchange, Inc. ("PCX" or "Exchange").

The reasons cited in the application for withdrawing the Securities from listing and registration include the following:

The Securities are currently listed for trading in the United States on the PCX, the Chicago Stock Exchange ("CHX"), and the New York Stock Exchange ("NYSE"). The Company has considered all the direct and indirect costs arising from maintaining these multiple listings and has determined, in light of the limited volume of trades in its Common Stock on the PCX, to withdraw the Securities from listings on the PCX, maintaining their listing on the CHX and the NYSE.

The Company has complied with the rules of the PCX by filing with the Exchange a certified copy of resolutions adopted by the Company's Board of Directors authorizing withdrawal of its Securities from listing on the PCX as well as correspondence setting forth in detail to the Exchange the reasons for such proposed withdrawal, and the facts in support thereof.

The Exchange has informed the Company that it has no objection to the withdrawal of the Company's Securities from listing on the PCX.

This application relates solely to the withdrawal by the Company of the Securities's listing on the PCX and shall have no effect upon the continued listing of such Securities on the CHX and the NYSE. By reason of Section 12(b) of the Act and the rules and regulations of the Commission thereunder, the Company shall continue to be obligated to file reports with the Commission, the CHX and the NYSE under Section 13 of the Act.

Any interested person may, on or before August 16, 1999, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609, facts bearing upon whether the application has been made in accordance with the rules of the Exchange and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,
Secretary.

[FR Doc. 99-19669 Filed 7-30-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23921; 812-11596]

Scudder New Europe Fund, Inc.; Notice of Application

July 27, 1999

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

ACTION: Notice of an application under sections 6(c) and 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Scudder New Europe Fund, Inc. (the "Fund") seeks an order to permit in-kind redemptions of shares by certain affiliated shareholders of the Fund.

FILING DATES: The application was filed on April 29, 1999. Applicant has agreed to file an amendment to the application during the notice period, the substance of which is reflected in this notice.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on August 23, 1999, and should be accompanied by proof of service on the applicant, 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 Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. Applicant, c/o Yvette M. Garcia, Esq., Willkie Farr & Gallagher, 787 Seventh Avenue, New York 10019-6099.

FOR FURTHER INFORMATION CONTACT: George J. Zornada, 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 from the Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549-0102 (telephone (202) 942-8090).

Applicant's Representations

1. The Fund, a Maryland corporation, is registered under the Act as a closed-end management investment company. On July 20, 1999, shareholders of the Fund approved a proposal to convert the Fund to an open-end management investment company (the "Conversion"). The Conversion is expected to occur on or about September 1, 1999 ("Conversion Date"). Scudder Kemper Investments, Inc. (the "Manager"), an investment adviser registered under the Investment Advisers Act of 1940, is investment adviser to the Fund.

2. In conjunction with the Conversion, the Fund intends to combine with Kemper Europe Fund ("KEF"), a registered open-end management investment company, and change the Fund's name to Scudder Europe Fund, Inc. (the "Reorganization").¹ The Fund's shareholders prior to the Conversion

¹ The Reorganization is subject to approval by KEF's shareholders. The Conversion is not contingent on the approval of the Reorganization by KEF's shareholders.

will have their shares redesignated as Class M shares of the Fund after the Conversion.

3. Applicant states that one shareholder currently owns 5% or more of the outstanding shares of the Fund, and is expected to own 5% or more of the Fund following the Conversion and the Reorganization. Applicant requests relief to permit the Fund to satisfy redemption requests made by any shareholder of the Fund who, at the time of such redemption request, is an "affiliated person" of the Fund solely by reason of owning, controlling, or holding with the power to vote, five percent or more of the Fund's shares ("Affiliated Shareholders") by distributing portfolio securities in-kind.² The board of directors of the Fund ("Board"), including all of the directors who are not "interested persons" as defined in section 2(a)(19) of the Act ("Disinterested Directors"), has determined that it would be in the best interests of the Fund and its shareholders to pay to an Affiliated Shareholder the redemption price for its shares in-kind.³

Applicant's Legal Analysis

1. Section 17(a)(2) of the Act prohibits an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from knowingly purchasing any security or other property (except securities of which the seller is the issuer) from the registered investment company. Section 2(a)(3)(A) of the Act defines an "affiliated person" to include any person owning 5% or more of the outstanding voting securities of the other person. Applicant states that to the extent that an in-kind redemption could be deemed to involve the purchase of portfolio securities (of which the Fund is not the issuer) by an Affiliated Shareholder, the proposed redemptions in-kind would be prohibited by section 17(a)(2).

² The relief sought would not extend to shareholders who are "affiliated persons" of the Fund within the meaning of sections 2(a)(3)(B) through (F) of the Act (e.g. shareholders who are officers, directors or employees of the Fund, or shareholders who have a control relationship with the Fund).

³ Upon Conversion, the Fund will elect to be governed by the provisions of rule 18f-1 under the Act. Election under rule 18f-1 commits the Fund, during any 90-day period with respect to one shareholder, to redeem its shares in cash up to the lesser of \$250,000 or one percent of the Fund's net asset value. Applicant states that with respect to Class M shareholders of the Fund, all redemption requests in excess of \$500,000 will be redeemed in-kind during any 90-day period within the one-year period following the Conversion. The Fund will impose a 2% redemption fee on redemptions by Class M shareholders during the one-year period following the Conversion.