

improperly influence distribution practices including, in particular, the practice of urging an investor to purchase shares of a fund on the basis of an upcoming dividend ("selling the dividend"), when the dividend results in an immediate corresponding reduction in net asset value and is, in effect, a return of the investor's capital. FAX submits that this concern does not arise with regard to closed-end management investment companies, such as the applicant, that do not continuously distribute shares of their common stock. The applicants also believe that this concern does not apply to the preferred stock, which entitles a holder to a specified periodic dividend and no more, and, like a debt security, is initially sold at a price based on its liquidation preference plus an amount equal to an accumulated dividends. Finally, the applicants note that the condition to the requested relief should further assure that the concern about selling the dividend will not arise in connection with a rights offering by either of the applicants.

5. Applicants state that if any rights offerings by either of them will be timed so that shares issuable upon exercise of the rights will be issued only in the 15-day period immediately following the record date for the declaration of a dividend. Thus, the abuse of selling the dividend could not occur as a matter of timing. The applicants further state that any rights offering will comply with all relevant Commission and staff guidelines. In determining compliance with these guidelines, each applicant's board of directors will consider, among other things, the brokerage commissions that would be paid in connection with the offering. Any such offering by either applicant of transferable rights will also comply with any applicable NASD rules regarding the fairness of compensation.

6. The applicants state that increased administrative costs also are a concern underlying section 19(b) and rule 19b-1. The applicants assert that this concern is not present because the applicants will continue to make regular periodic distributions regardless of whether long-term capital gains are included in any particular distribution.

7. Section 6(c) of the Act provides that the Commission may exempt any person or transaction from any provision of the Act or any rule under the Act 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. For the reasons stated above, the applicants believe that the requested relief satisfies this standard.

Condition

Each of FAX and FCO agrees that the order granting the requested relief with respect to its common stock will terminate upon the effective date of a registration statement under the Securities Act of 1933 for any future public offering by such applicant of its common shares other than:

(i) a rights offering with respect to holders of such applicant's common stock, in which (a) shares are issued only within the 15-day period immediately following the record date of a monthly dividend, (b) the prospectus for such rights offering makes it clear that common shareholders exercising rights will not be entitled to receive such dividend, and (c) the applicant has not engaged in more than one rights offering during any given calendar year; or

(ii) an offering in connection with a merger, consolidation, acquisition, spin-off or reorganization of such applicant, unless the applicant has received from the staff of the Commission written assurance that the order will remain in effect.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-30772 Filed 11-24-99 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24145; 812-11466]

SunAmerica Asset Management Corp., et al.; Notice of Application

November 19, 1999.

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

ACTION: Notice of application for an order under section 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: Applicants request an order to permit certain open-end management investment companies to settle claims that may arise under a directors' and officers'/errors and omission insurance policy provided by an affiliated insurance company.

Applicants: SunAmerica Asset Management Corp. ("Adviser"); Anchor Pathway Fund, Anchor Series Trust, Season Series trust, Style Select Series, Inc., SunAmerica Equity Funds, SunAmerica Income Funds,

SunAmerica Money Market Funds, Inc., SunAmerica Series Trust, and SunAmerica Strategic Investment Series, Inc. (each a "Fund," and collectively, the "Funds").

Filing Date: The application was filed on January 13, 1999. Applicants have agreed to file an amendment to the application, the substance of which is reflected in this notice, during the notice period.

Hearing or Notification of Hearing: An order granting the applicant 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 December 14, 1999, and should be accompanied by proof and 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, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants, 733 Third Avenue, New York, New York 10017-3204.

FOR FURTHER INFORMATION CONTACT: Michael W. Mundt, 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, (202) 942-8090.

Applicant's Representations

1. Each fund is registered under the Act as an open-end management investment company. The Adviser is registered as an investment adviser under the Investment Adviser Act of 1940 ("Advisers Act") and advises each of the Funds other than Anchor Pathway Fund. Anchor Pathway Fund is advised by Capital Research and Management Company, an investment adviser registered under the Advisers Act. All of the outstanding shares of Anchor Pathway Fund are held by a separate account of Anchor National Life Insurance Company, an indirect wholly owned subsidiary of SunAmerica Inc. ("SunAmerica"). The

Adviser is also an indirect wholly owned subsidiary of SunAmerica.

2. The Funds the Adviser, and certain other SunAmerica entities are joint insured under a directors' and officer's/errors and omissions insurance policy provided by National Union fire Insurance Company ("National Union"). The Funds first obtained this type of insurance from National Union in 1995. The currently policy ("Existing Policy") was issued in 1996 and expires on September 1, 2000. Applicants state that after the expiration of the Existing Policy, applicants will not obtain insurance coverage from National Union.

3. National Union is an indirect, wholly owned subsidiary of American International Group, Inc. ("AIG"). On January 1, 1999, AIG acquired SunAmerica. As a result of the merger, the Adviser has become an indirect wholly owned subsidiary of AIG, and applicants state that National Union has become an affiliated person of the Adviser and an affiliated person of an affiliated person ("second-tier affiliate") of the Funds. In light of these new affiliations, applicants request relief so that a Fund may settle insurance claims with National Union under the Existing Policy.

Applicant's Legal Analysis

1. Section 17(a) generally prohibits sales or purchases of securities or property between a registered investment company and any affiliated person or second-tier affiliate of the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person directly or indirectly controlling, controlled by, or under common control with the other person, and (b) if the other person is an investment company, any investment adviser of that company.

2. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act. Section 6(c) of the Act authorizes the Commission to exempt persons or transactions from the provisions of the Act to the extent that such exemptions are 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 request an order under section 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act to permit a Fund and National Union to settle claims arising under the Existing Policy. Applicants state that section 17(a) prohibits the settlement of claims under an insurance policy where the insurer is an affiliated person or second-tier affiliate of the insured investment company because the settlement of a claim under an insurance policy entails the release of a property right (*i.e.*, of a right to sue under the policy with respect to the claim). Applicants state that the Adviser is an affiliated person of the Funds by virtue of being investment adviser to the Funds. Because National Union is under common control with the Adviser, applicants state that National Union may be deemed a second-tier affiliate of the Funds.

4. Applicants submit that the interests of the Funds would be best served by permitting extra-judicial settlement of claims because Funds will be able to resolve claims promptly without incurring additional costs of litigation. Applicants note that any settlement would be subject to the approval of a majority of a Fund's board of directors ("Board"), including a majority of the directors who are not "interested persons" of the Fund, the Adviser, or AIG within the meaning of section 2(a)(19) of the Act (Independent Board Members"). In addition, applicants state that in negotiating the amount of any extra-judicial settlement under the Existing Policy on behalf of a Fund, the Adviser has an interest in maximizing the Fund's recovery because its advisory fees are based on Fund assets. Applicants state that even though the Adviser and National Union are both subsidiaries of AIG, each is a separately operated entity with different directors and officers, and each entity is in a separate profit center within the AIG corporate structure.

Condition

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

1. The officers of each Fund will report all losses potentially covered under the Existing Policy to the Fund's Board. The Board, including the Independent Board Members, will evaluate the loss, and a majority of the Board, including a majority of the Independent Board Members, will determine whether to submit a claim to National Union and the amount of any claim. If National Union makes a

settlement offer for less than the amount submitted, the adequacy of the settlement offer will be evaluated by the Board, including the Independent Board Members. The settlement may be accepted if a majority of the Board, including a majority of the Independent Board Members (upon the advice of independent counsel), determines that the settlement offer meets the standards specified in section 17(b) of the Act and is in the best interest of the Fund and its shareholders.

2. Each Board will record and preserve a description of all transactions with National Union, its findings, the information or materials upon which its findings are based and the basis for the findings. All such records will be maintained for a period of not less than six years, the first two years in an easily accessible place, and will be available for inspection by the staff of the Commission.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24144; 812-11854]

OLDE Asset Management, Inc.; Notice of Application

November 18, 1999.

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

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

Summary of Application: The requested order would permit the implementation, without prior shareholder approval, of new investment advisory agreements ("New Agreements") for a period of not more than 150 days beginning on the later of the date on which the acquisition by H&R Block, Inc. ("H&R Block") of OLDE Asset Management, Inc. ("OLDE Management") is consummated or the date on which the requested order is issued and continuing through the date the New Agreements are approved or disapproved by the shareholders (but in no event later than April 15, 2000) ("Interim Period"). The order would also permit payment of all fees earned under the New Agreements during the