

The entire meeting will be open to public attendance.

The agenda for the subject meeting shall be as follows:

Monday, July 8, 2002—8:30 a.m. until the conclusion of business

The Subcommittee will review the proposed Advanced Reactors Research Plan and its implication on the NRC's Regulatory framework. The purpose of this meeting is to gather information, analyze relevant issues and facts, and formulate proposed positions and actions, as appropriate, for deliberation by the full Committee.

Oral statements may be presented by members of the public with the concurrence of the Subcommittee Chairman. Written statements will be accepted and made available to the Committee. Electronic recordings will be permitted only during those portions of the meeting that are open to the public, and questions may be asked only by members of the Subcommittee, its consultants, and staff. Persons desiring to make oral statements should notify the Designated Federal Official named below five days prior to the meeting, if possible, so that appropriate arrangements can be made.

During the initial portion of the meeting, the Subcommittee, along with any of its consultants who may be present, may exchange preliminary views regarding matters to be considered during the balance of the meeting.

The Subcommittee will then hear presentations by and hold discussions with representatives of the NRC staff and other interested persons regarding this review.

Further information regarding topics to be discussed, the scheduling of sessions open to the public, whether the meeting has been canceled or rescheduled, and the Chairman's ruling on requests for the opportunity to present oral statements and the time allotted therefor, can be obtained by contacting the Designated Federal Official, Dr. Medhat M. El-Zeftawy (Telephone 301-415-6889) between 7:30 a.m. and 5 p.m. (EDT). Persons planning to attend this meeting are urged to contact the above named individual one or two working days prior to the meeting to be advised of any potential changes to the agenda that may have occurred.

Dated: June 14, 2002.

Sher Bahadur,

Associate Director for Technical Support.

[FR Doc. 02-15590 Filed 6-19-02; 8:45 am]

BILLING CODE 7590-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25612; 812-12262]

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

June 13, 2002.

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

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from sections 18(f) and 21(b) of the Act, under section 12(d)(1)(j) of the Act for an exemption from section 12(d)(1) of the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(3) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint arrangements.

Applicants: SunAmerica Series Trust, Anchor Series Trust, Seasons Series Trust, SunAmerica Style Select Series, Inc., SunAmerica Equity Funds, SunAmerica Income Funds, SunAmerica Money Market Funds, Inc., SunAmerica Strategic Investment Series, Inc. (collectively, the "SunAmerica Funds"); VALIC Company I and VALIC Company II (together, the "VALIC Funds"); and Brazos Mutual Funds and all existing and future series (the "Portfolios") of the SunAmerica Funds, the VALIC Funds and the Brazos Mutual Funds (collectively, the "Funds")¹ and SunAmerica Asset Management Corp. ("SAAMCo"), John McStay Investment Counsel, LP ("JMIC"), and The Variable Annuity Life Insurance Company ("VALIC") (each an "Adviser" and together, the "Advisers") and any other open-end management investment company and its series registered under the Act for which SAAMCo, JMIC or VALIC or a person controlling, controlled by or under common control with SAAMCo, JMIC or VALIC serves as investment adviser (together with the Funds, the "Funds").

Summary of Application: Applicants request an order that would permit certain registered open-end management investment companies to participate in a joint lending and borrowing facility.

Filing Dates: The application was filed on September 20, 2000 and amended on June 6, 2002.

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 Commission by 5:30 p.m. on July 8, 2002, and should be accompanied by proof of service on the 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: Jean E. Minarick, Senior Counsel, at (202) 942-0527 or Mary Kay Frech, 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 (telephone (202) 942-8090).

Applicants' Representations

1. Each of the Funds is registered under the Act as an open-end management investment company and is organized as a Maryland corporation, Massachusetts business trust or Delaware business trust and consists of multiple Portfolios. Certain of the Portfolios are money market funds that rely on rule 2a-7 under the Act ("Money Market Portfolios"). Each Adviser is registered under the Investment Advisers Act of 1940. Each Portfolio has entered into an investment advisory agreement with an Adviser. SAAMCo, VALIC and JMIC are under common control because each is a direct or indirect, majority or wholly owned subsidiary of American International Group, Inc.

2. Some Portfolios may lend money to banks or other entities by entering into repurchase agreements (including through a joint account ("Joint Account")). Other Portfolios may borrow money from the same or other banks for temporary purposes to satisfy redemption requests or to cover unanticipated cash shortfalls such as a trade "fail" in which cash payment for a portfolio security sold by a Portfolio has been delayed. The VALIC Funds

¹ All existing Funds that currently intend to rely on the requested order are named as applicants, and any Fund that relies on the order in the future will comply with the terms and conditions of the application.

Portfolios currently have credit arrangements with their custodian (i.e., overdraft protection) under which the custodian may, but is not obligated to, lend money to the VALIC Funds Portfolios to meet the VALIC Funds Portfolios' temporary cash needs. Currently, some Portfolios participate in an uncommitted line of credit (the "Uncommitted Line") and the Portfolios participate in a committed line of credit (the "Committed Line," and collectively with the Uncommitted Line, the "Lines of Credit") with their custodian banks.

3. If the Portfolios were to borrow money from their custodian banks under their current arrangements or under other credit arrangements with a bank, the Portfolios would pay interest on the borrowed cash at a rate which would be significantly higher than the rate that would be earned by other (non-borrowing) Portfolios on investments in repurchase agreements entered into by the Portfolios (including through the Joint Account). Applicants believe that this differential represents the bank's profit. Under the Committed Lines, the Portfolios pay commitment fees in addition to interest.

4. Applicants request an order that would permit the Funds to enter into an interfund lending facility ("Credit Facility") by entering into master interfund lending agreements ("Interfund Lending Agreements") under which the Portfolios would lend and borrow money for temporary purposes directly to and from each other through the Credit Facility ("Interfund Loans"). Applicants believe that the Credit Facility would substantially reduce the Portfolios' potential borrowing costs and enhance their ability to earn higher rates of interest on short-term loans. Although the Credit Facility potentially could reduce the Portfolios' need to borrow from banks, the Portfolios would continue to use their Lines of Credit or would be free to establish other borrowing arrangements with banks.

5. Applicants anticipate that the Credit Facility would provide a borrowing Portfolio with significant savings when the cash position of the Portfolio is insufficient to meet temporary cash requirements. This situation could arise when redemptions exceed anticipated volumes and the Portfolios have insufficient cash on hand to satisfy such redemptions. When a Portfolio liquidates portfolio securities to meet redemption requests, it often does not receive payment in settlement for up to three days (or longer for certain foreign transactions). The Credit Facility would provide a source of immediate,

short-term liquidity pending settlement of the sale of portfolio securities.

6. Applicants also propose using the Credit Facility when a sale of securities fails due to circumstances such as a delay in the delivery of cash to the Portfolio's custodian or improper delivery instructions by the broker effecting the transaction. Sales fails may present a cash shortfall if the Portfolio has undertaken to purchase a security with the proceeds from securities sold. When the Portfolio experiences a cash shortfall due to a sales fail, the Portfolio could (a) fail on its intended purchase due to lack of funds from the previous sale, resulting in additional cost to the Portfolio, or (b) sell a security on a same day settlement basis, earning a lower return on the investment, or (c) borrow to meet the short-term cash shortfall. Use of the Credit Facility under these circumstances would enable the Portfolio to have access to immediate short-term liquidity at a reduced cost.

7. While borrowing arrangements with banks will continue to be available to cover unanticipated redemptions and sales fails, under the Credit Facility a borrowing Portfolio would pay lower interest rates than those offered by banks on short-term loans. In addition, Portfolios making short-term cash loans directly to other Portfolios would earn interest at a rate higher than they otherwise could obtain from investing their cash in short-term loans. Thus, applicants believe that the Credit Facility would benefit both borrowing and lending Portfolios.

8. The interest rate charged to the Portfolios on any Interfund Loan (the "Interfund Loan Rate") would be determined daily and would be the average of the "Repo Rate" and the "Bank Loan Rate," both as defined below. The Repo Rate for any day would be the highest rate available to the Portfolios from investments in overnight repurchase agreements. The Bank Loan Rate for any day would be calculated by SAAMCo each day according to a formula established by each Fund's Board of Directors ("Board") designed to approximate the lowest interest rate at which short-term bank loans would be available to the Portfolios. The formula would be based upon a publicly available rate (e.g., Federal Funds plus 25 basis points) and would vary with this rate so as to reflect changing bank loan rates. Each Fund's Board periodically would review the continuing appropriateness of using the formula to determine the Bank Loan Rate, as well as the relationship between the Bank Loan Rate and short-term bank loan rates that would be available to the Portfolios, including, without

limitation, the rates available through the Portfolios' Lines of Credit ("Lines of Credit Rates"). The initial formula and any subsequent modification to the formula would be subject to the approval of each Fund's Board.

9. The Credit Facility would be administered by SAAMCo's mutual fund accounting, legal and treasury departments (the "Credit Facility Committee"). Under the Credit Facility, the portfolio managers for each participating Portfolio may provide standing instructions to participate daily as a borrower or lender. The Credit Facility Committee on each business day would collect data on the uninvested cash and borrowing requirements of all participating Portfolios from the Portfolios' custodians. Once it had determined the aggregate amount of cash available for loans and borrowing demand, the Credit Facility Committee would allocate loans among borrowing Portfolios without any further communication from portfolio managers. If there is more available uninvested cash than borrowing demand, the Credit Facility Committee will invest any remaining cash in accordance with the standing instructions of portfolio managers (e.g., in repurchase agreements including through the Joint Account) or return remaining amounts to investment in the Portfolios. The Money Market Portfolios typically would not participate as borrowers because they rarely need to borrow cash to meet redemptions.

10. The Credit Facility Committee would allocate borrowing demand and cash available for lending among the Portfolios on what the Committee believes to be an equitable basis, subject to certain administrative procedures applicable to all Portfolios, such as the time of filing requests to participate, minimum loan lot sizes, and the need to minimize the number of transactions and associated administrative costs. To reduce transaction costs, each loan normally would be allocated in a manner intended to minimize the number of participants necessary to complete the loan transaction.

11. The Credit Facility Committee and the Advisers would (a) monitor the interest rates charged and the other terms and conditions of the Interfund Loans, (b) limit the borrowings and loans entered into by each Portfolio to ensure that they comply with the Portfolio's investment policies and limitations, (c) ensure equitable treatment of each Portfolio, and (d) make quarterly reports to the Boards concerning any transactions by the Portfolios under the Credit Facility and the interest rates charged. The method

of allocation and related administrative procedures would be approved by each Fund's Board, including a majority of directors who are not "interested persons" of the Funds, as defined in section 2(a)(19) of the Act ("Independent Directors"), to ensure that both borrowing and lending Portfolios participate in the Credit Facility on an equitable basis.

12. SAAMCo, through the Credit Facility Committee, would administer the Credit Facility and would receive no additional compensation for its services. Neither SAAMCo nor companies affiliated with it will collect any fees in connection with the Interfund Loans.

13. Each Portfolio's participation in the Credit Facility will be consistent with its organizational documents and its investment policies and limitations. The statement of additional information ("SAI") of each Portfolio discloses the extent to which the respective Portfolio may borrow money for temporary purposes and the extent to which the respective Portfolio is able to mortgage or pledge securities to secure permitted borrowing. If the requested order is granted, the SAI for each Portfolio participating in the Credit Facility will disclose the Portfolio's participation in the Credit Facility.

14. In connection with the Credit Facility, applicants request an order under (a) section 6(c) of the Act granting relief from sections 18(f) and 21(b) of the Act; (b) section 12(d)(1)(J) of the Act granting relief from section 12(d)(1) of the Act; (c) sections 6(c) and 17(b) of the Act granting relief from sections 17(a)(1) and 17(a)(3) of the Act; and (d) section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint arrangements.

Applicants' Legal Analysis

1. Section 17(a)(3) generally prohibits any affiliated person, or affiliated person of an affiliated person, from borrowing money or other property from a registered investment company. Section 21(b) generally prohibits any registered management investment company from lending money or other property to any person if that person controls or is under common control with the company. Section 2(a)(3)(C) of the Act defines an "affiliated person" of another person, in part, to be any person directly or indirectly controlling, controlled by, or under common control with, the other person. Applicants state that the Portfolios may be under common control by virtue of having a common investment adviser or investment advisers who are under common control.

2. Section 6(c) provides that an exemptive order may be granted where an 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. Section 17(b) authorizes the Commission to exempt a proposed transaction from section 17(a) provided that the terms of the 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, and the transactions are consistent with the policy of the investment company as recited in its registration statement and with the general purposes of the Act. Applicants believe that the proposed arrangements satisfy these standards for the reasons discussed below.

3. Applicants submit that sections 17(a)(3) and 21(b) of the Act were intended to prevent a person with potential adverse interests to and some influence over the investment decisions of a registered investment company from causing or inducing the investment company to engage in lending transactions that unfairly inure to the benefit of that person and that are detrimental to the best interests of the investment company and its shareholders. Applicants assert that the Credit Facility transactions do not raise these concerns because (a) SAAMCo, through the Credit Facility Committee, will administer the Credit Facility as a disinterested fiduciary; (b) all Interfund Loans will consist only of uninvested cash reserves that the Portfolio otherwise would invest in short-term repurchase agreements or other short-term instruments either directly or through a Joint Account; (c) the Interfund Loans will not involve a greater risk than other similar investments; (d) the lending Portfolio will receive interest at a rate higher than it could obtain through other similar investments; and (e) the borrowing Portfolio will pay interest at a rate lower than the Bank Loan Rate. Moreover, applicants believe that the other conditions in the application would effectively preclude the possibility of any Portfolio obtaining an undue advantage over any other Portfolios.

4. Section 17(a)(1) generally prohibits an affiliated person of a registered investment company, or an affiliated person of an affiliated person, from selling any securities or other property to the company. Section 12(d)(1) of the Act generally makes it unlawful for a registered investment company to purchase or otherwise acquire any security issued by another investment

company except in accordance with the limitations set forth in that section. Applicants believe that the obligation of a borrowing Portfolio to repay an Interfund Loan may constitute a security under sections 17(a)(1) and 12(d)(1). Section 12(d)(1)(J) provides that the Commission may exempt persons or transactions from any provision of section 12(d)(1) if and to the extent such exception is consistent with the public interest and the protection of investors. Applicants contend that the standards under sections 6(c), 17(b), and 12(d)(1)(J) are satisfied for all the reasons set forth above in support of their request for relief from sections 17(a)(3) and 21(b) and for the reasons discussed below.

5. Applicants state that section 12(d)(1) was intended to prevent the pyramiding of investment companies in order to avoid duplicative costs and fees attendant upon multiple layers of investment companies. Applicants submit that the Credit Facility does not involve these abuses. Applicants note that there would be no duplicative costs or fees to the Portfolios or shareholders, and that SAAMCo would receive no additional compensation for its services in administering the Credit Facility. Applicants also note that the purpose of the Credit Facility is to provide economic benefits for all the participating Portfolios.

6. Section 18(f)(1) prohibits open-end investment companies from issuing any senior security except that a company is permitted to borrow from any bank, if immediately after the borrowing, there is an asset coverage of at least 300 per cent for all borrowings of the company. Under section 18(g) of the Act, the term "senior security" includes any bond, debenture, note, or similar obligation or instrument constituting an evidence of indebtedness. Applicants request exemptive relief from section 18(f)(1) to the limited extent necessary to implement the Credit Facility (because the lending Portfolios are not banks).

7. Section 17(d) and rule 17d-1 generally prohibit any affiliated person of a registered investment company, or affiliated person of an affiliated person, when acting as principal, from effecting any joint transaction in which the company participates unless the transaction is approved by the Commission. Rule 17d-1 provides that in passing upon applications, the Commission will consider whether the participation of a registered investment company in a joint enterprise on the basis proposed is consistent with the provisions, policies, and purposes of the Act and the extent to which the company's participation is on a basis

different from or less advantageous than that of other participants.

8. Applicants submit that the purpose of section 17(d) is to avoid overreaching by and unfair advantage to investment company insiders. Applicants believe that the Credit Facility is consistent with the provisions, policies and purposes of the Act in that it offers both reduced borrowing costs and enhanced returns on loaned funds to all participating Portfolios and their shareholders. Applicants note that each Portfolio would have an equal opportunity to borrow and lend on equal terms consistent with its investment policies and fundamental investment limitations. Applicants therefore believe that each Portfolio's participation in the Credit Facility will be on terms which are no different from or less advantageous than that of other participating Portfolios.

Applicants' Conditions

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

1. The Interfund Loan Rate to be charged to the Portfolios under the Credit Facility will be the average of the Repo Rate and the Bank Loan Rate.

2. On each business day, the Credit Facility Committee will compare the Bank Loan Rate with the Repo Rate and will make cash available for Interfund Loans only if the Interfund Loan Rate is (a) more favorable to the lending Portfolio than the Repo Rate and (b) more favorable to the borrowing Portfolio than the Bank Loan Rate and, if applicable, the Lines of Credit Rates.

3. If a Portfolio has outstanding borrowings, any Interfund Loans to the Portfolio (a) will be at an interest rate equal to or lower than any outstanding bank loan, (b) will be secured at least on an equal priority basis with at least an equivalent percentage of collateral to loan value as any outstanding bank loan that requires collateral, (c) will have a maturity no longer than any outstanding bank loan (and in any event not over seven days), and (d) will provide that, if an event of default occurs under any agreement evidencing an outstanding bank loan to the Portfolio, that event of default will automatically (without need for action or notice by the lending Portfolio) constitute an immediate event of default under the Interfund Lending Agreement entitling the lending Portfolio to call the Interfund Loan (and exercise all rights with respect to any collateral) and that such call will be made if the lending bank exercises its right to call its loan under its agreement with the borrowing Portfolio.

4. A Portfolio may make an unsecured borrowing through the Credit Facility if its outstanding borrowings from all sources immediately after the interfund borrowing total 10% or less of its total assets, provided that if the Portfolio has a secured loan outstanding from any other lender, including but not limited to another Portfolio, the Portfolio's interfund borrowing will be secured on at least an equal priority basis with at least an equivalent percentage of collateral to loan value as any outstanding loan that requires collateral. If a Portfolio's total outstanding borrowings immediately after an interfund borrowing would be greater than 10% of its total assets, the Portfolio may borrow through the Credit Facility on a secured basis only. A Portfolio may not borrow through the Credit Facility or from any other source if its total outstanding borrowings, immediately after the interfund borrowing, would be more than 33 $\frac{1}{3}$ % of its total assets or its maximum borrowing limit set forth in the Portfolio's fundamental investment restrictions, whichever is lesser.

5. Before any Portfolio that has outstanding interfund borrowings may, through additional borrowings, cause its outstanding borrowings from all sources to exceed 10% of its total assets, the Portfolio must first secure each outstanding Interfund Loan by the pledge of segregated collateral with a market value equal to at least 102% of the outstanding principal value of the loan. If the total outstanding borrowings of a Portfolio with outstanding Interfund Loans exceed 10% of its total assets for any other reason (such as a decline in net asset value or because of shareholder redemptions), the Portfolio will within one business day thereafter: (a) Repay all its outstanding Interfund Loans, (b) reduce its outstanding indebtedness to 10% or less of its total assets, or (c) secure each outstanding Interfund Loan by the pledge of segregated collateral with a market value equal to at least 102% of the outstanding principal value of the loan until the Portfolio's total outstanding borrowings cease to exceed 10% of its total assets, at which time the collateral called for by this condition (5) shall no longer be required. Until each Interfund Loan that is outstanding at any time that a Portfolio's total outstanding borrowings exceeds 10% is repaid or the Portfolio's total outstanding borrowings cease to exceed 10% of its total assets, the Portfolio will mark the value of the collateral to market each day and will pledge such additional collateral as is necessary to maintain the market value of the collateral that secures each

outstanding Interfund Loan equal to at least 102% of the outstanding principal value of the loan.

6. No Portfolio may lend to another Portfolio through the Credit Facility if the loan would cause its aggregate outstanding loans through the Credit Facility to exceed 15% of its net assets at the time of the loan.

7. A Portfolio's Interfund Loans to any one Portfolio shall not exceed 5% of the lending Portfolio's current net assets.

8. The duration of Interfund Loans will be limited to the time required to receive payment for securities sold, but in no event more than seven days. Loans effected within seven days of each other will be treated as separate loan transactions for purposes of this condition.

9. A Portfolio's participation in the Credit Facility must be consistent with its investment policies and limitations and organizational documents.

10. Except as set forth in this condition, no Portfolio may borrow through the Credit Facility unless the Portfolio has a policy that prevents the Portfolio from borrowing for other than temporary or emergency purposes, except that certain Portfolios may engage in reverse repurchase agreements for any purpose. In the case of a Portfolio that does not have such a policy, the Portfolio may borrow through the Credit Facility only if such borrowings, as measured on the day when the most recent loan was made, will not exceed the greater of 125% of the Portfolio's total net cash redemptions and 102% of sales fails for the preceding seven calendar days.

11. Each Interfund Loan may be called on one business day's notice by a lending Portfolio and may be repaid on any day by a borrowing Portfolio.

12. The Credit Facility Committee will calculate total Portfolio borrowing and lending demand through the Credit Facility, and allocate Interfund Loans on an equitable basis among the Portfolios, without the intervention of any portfolio manager of the Portfolios. The Credit Facility Committee will not solicit cash for the Credit Facility from any Portfolio or prospectively publish or disseminate loan demand data to portfolio managers. The Credit Facility Committee will invest any amounts remaining after satisfaction of borrowing demand in accordance with the standing instructions from portfolio managers or return remaining amounts to the Portfolios.

13. The Credit Facility Committee and the Advisers will monitor the Interfund Loan Rate charged and the other terms and conditions of the Interfund Loans and will make a quarterly report to the

Boards concerning the participation of the Portfolios in the Credit Facility and the terms and other conditions of any extensions of credit under the Credit Facility.

14. The Board of each Fund, including a majority of the Independent Directors, will (a) review no less frequently than quarterly the participation by the Fund's Portfolios in the Credit Facility during the preceding quarter for compliance with the conditions of any order permitting the transactions; (b) establish the Bank Loan Rate formula used to determine the Interfund Loan Rate on Interfund Loans and review no less frequently than annually the continuing appropriateness of the Bank Loan Rate formula; and (c) review no less frequently than annually the continuing appropriateness of the Portfolios' participation in the Credit Facility.

15. In the event an Interfund Loan is not paid according to its terms and the default is not cured within two business days from its maturity or from the time the lending Portfolio makes a demand for payment under the provisions of the Interfund Lending Agreement, the Adviser to the lending Portfolio promptly will refer the loan for arbitration to an independent arbitrator selected by the Boards of the Funds whose Portfolios are involved in the loan who will serve as arbitrator of disputes concerning Interfund Loans. If the dispute involves Portfolios with separate Boards, the Board of each Portfolio will select an independent arbitrator that is satisfactory to those Boards. The arbitrator will resolve any problem promptly and the arbitrator's decision will be binding on both Portfolios. The arbitrator will submit, at least annually, a written report to the Boards setting forth a description of the nature of any dispute and the actions taken by the Portfolios to resolve the dispute.

16. Each Fund, on behalf of its Portfolios, will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any transaction under the Credit Facility occurred, the first two years in an easily accessible place, written records of all such transactions setting forth a description of the terms of the transaction, including the amount, the maturity, and the Interfund Loan Rate, the rate of interest available at the time on short-term repurchase agreements and commercial bank borrowings, and such other information presented to the Fund's Board in connection with the review required by conditions 13 and 14.

17. The Credit Facility Committee and the Advisers will prepare and submit to the Boards of the Funds for review an initial report describing the operations of the Credit Facility and the procedures to be implemented to ensure that all Portfolios are treated fairly. After the commencement of operation of the Credit Facility, the Credit Facility Committee and the Advisers will report on the operations of the Credit Facility at the quarterly meetings of the Boards of the Funds.

In addition, for two years following the commencement of the Credit Facility, the independent public accountants for each Portfolio shall prepare an annual report that evaluates the respective Adviser's assertion that the Credit Facility Committee and the Adviser have established procedures reasonably designed to achieve compliance with the conditions of the order. The report shall be prepared in accordance with the Statements on Standards for Attesting Engagements No. 3 and it shall be filed pursuant to Sub-Item 77Q3 of Form N-SAR. In particular, the report shall address procedures designed to achieve the following objectives: (a) That the Interfund Loan Rate will be higher than the Repo Rate, but lower than the Bank Loan Rate, and if applicable, the Lines of Credit Rates; (b) compliance with the collateral requirements as set forth in the application; (c) compliance with the percentage limitations on interfund borrowing and lending; (d) allocation of interfund borrowing and lending demand in an equitable manner and in accordance with procedures established by the Boards; and (e) that the Interfund Loan Rate does not exceed the interest rate on any third party borrowings of a borrowing Portfolio at the time of the Interfund Loan.

After the final report is filed, the Portfolio's independent public accountants in connection with their Portfolio audit examinations, will continue to review the operation of the Credit Facility for compliance with the conditions of the application and their review will form the basis, in part, of the auditor's report on internal accounting controls in Form N-SAR.

18. No Portfolio will participate in the Credit Facility upon receipt of requisite regulatory approval unless it has fully disclosed in its SAI all material facts about its intended participation.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-15426 Filed 6-19-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46075; File No. SR-Amex-2002-52]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC To Require Members and Member Organizations To Establish Anti-Money Laundering Compliance Programs

June 13, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 3, 2002, the American Stock Exchange LLC ("Amex" or "Exchange") 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 by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to adopt Amex Rule 431 (Anti-Money Laundering Compliance Program) to require members and member organizations to establish anti-money laundering programs meeting specific minimum standards. The text of the proposed rule change is below. Proposed new language is in *italics*.³

Anti-Money Laundering Compliance Program

Rule 431. Each member organization and each member not associated with a member organization shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Amex did not underscore all of the proposed new language in its Form 19b-4. Rather than require the Amex to file an amendment to correct this technical omission, the Commission added the missing underscoring, to ensure that all proposed new language appears in *italics* in the Federal Register.