

registered investment company, acting as principal, from participating in any joint arrangement with the investment company unless the SEC has issued an order authorizing the arrangement. Applicants believe that each Fund may be deemed to be participating in a joint transaction with each other Fund through the pooling of assets in the Foundation, and that the Funds could be deemed to be participating in a joint transaction with the Foundation through their investments in HSII.

2. In determining whether to grant an exemption under rule 17d-1, the SEC considers whether the investment company's participation in the joint enterprises is consistent with the provisions, policies and purposes of the Act, and the extent to which such participation is on a basis different from or less advantageous than that of other participants. Applicants assert that all investors in the Foundation will participate on the same basis.

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

[Rel. No. IC-23308; 812-10008]

Corporate Income Fund, et al.; Notice of Application

July 9, 1998.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 ("Act").

SUMMARY OF APPLICATION: Applicants request an order under section 6(c) of the Investment Company Act of 1940 to permit certain unit investment trusts to invest up to 10.5% of their assets in securities of an issuer that derives more than 15% of its gross revenues from securities-related activities.

APPLICANTS: Corporate Income Fund, Equity Income Fund, International Bond Fund, and Defined Asset Funds, each on behalf of its component unit investment trust (each a "Trust").

FILING DATES: The application was filed on February 22, 1996, and amended on July 10, 1996, January 13, 1997, and January 23, 1998.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing.

Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, DC 20549. Applicants, c/o Merrill Lynch, Pierce, Fenner & Smith Inc., P.O. Box 9051, Princeton, N.J. 08543-9051, Attention: Teresa Koncick, Esq.

FOR FURTHER INFORMATION CONTACT: Mary T. Geffroy, Senior Counsel, (202) 942-0553, or Nadya B. Roytblat, Assistant Director, (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth St. N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicant's Representations

1. Each applicant is a unit investment trust registered under the Act and composed of one or more separate Trusts. The depositors of the Trusts are Merrill Lynch, Pierce, Fenner & Smith Inc., PaineWebber Inc., Smith Barney Inc., and Dean Witter Reynolds Inc. (collectively, the "Sponsors").

2. Each Trust pursues its investment objective by investing over its life in a fixed portfolio of securities. Following the initial deposit of securities in a Trust, the Sponsors may, in response to investor demand for units, deposit additional securities. Subsequent deposits of securities into the Trust must generally maintain the original proportionate relationship among the securities comprising the Trust's portfolio.

3. Disposition of a Trust's portfolio securities is generally limited to sales made in response to redemptions of units and at the termination of the Trust. Other than these specific instances, the Sponsors' discretion to sell a Trust's portfolio securities is limited to narrow circumstances, principally: a default in payment by an issuer; the institution of certain legal

proceedings; a default under certain documents adversely affecting the future declaration of dividends or payment of amounts due by an issuer; to maintain a Trust's qualification under the federal tax laws; to remain consistent with a Trust's investment objectives; or the occurrence of certain other market or credit factors that, in the opinion of the Sponsors, would make the retention of certain securities in a Trust detrimental to the interest of the unitholders.

4. Applicants would like the flexibility to invest up to 10.5% of a Trust's assets in securities of an issuer that derives more than 15% of its gross revenues from securities-related activities (as defined below). No Trust will invest in securities issued by any of the Sponsors or other underwriters for the Trusts.

Applicants' Legal Analysis

1. Section 12(d)(3) of the Act generally prohibits a registered investment company from acquiring any security issued by any person who is a broker, dealer, investment adviser, or engaged in the business of underwriting (collectively, "securities-related activities"). Rule 12d3-1 under the Act, in relevant part, exempts from the prohibition of section 12(d)(3) purchases of securities of an issuer that derives more than 15% of its gross revenues from securities-related activities if certain conditions are met. One of these conditions, set forth in rule 12d3-1(b)(3), requires that, immediately after the acquisition, the investment company has invested not more than 5% of the value of its total assets in securities of the issuer.

2. Applicants request an exemption from rule 12d3-1(b)(3) to permit a Trust to invest up to 10.5% of its assets in securities of an issuer that derives more than 15% of its gross revenues from securities-related activities. Applicants will comply with all other requirements of rule 12d3-1.

3. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

4. Applicants state that section 12(d)(3) was designed to prevent certain potential conflicts of interest and to eliminate certain reciprocal practices between investment companies and securities-related businesses. One potential abusive practice is that an

investment company may purchase shares of a broker-dealer firm to reward it for selling shares of the investment company.

Applicants assert that their proposal does not raise this concern because units of the Trusts are sold almost exclusively by the Sponsors and the Trusts will not purchase shares of the Sponsors or other underwriters for the Trusts. The Sponsors estimate that, over the past year, both in the primary and secondary markets, over 99% of all unit sales for the Trusts were made by the Sponsors. Applicants also state that the balance of sales generally are made by a few regional brokerage firms as dealers, that these firms are not members of the underwriting group and that no special incentives are paid to these dealers to induce sales of Trust units.

5. Another concern underlying section 12(d)(3) was that an investment company may direct brokerage to a broker-dealer in which it has invested to enhance the broker-dealers' profitability or assist it during financial difficulty, although the broker-dealer may not offer the best price and execution. Applicants assert that their proposal does not raise this concern because, as a condition to the requested relief, the Trusts will not rely on the order to purchase securities of any issuer that executes portfolio transactions for the Trusts. Applicants also note that the Trusts, as unmanaged vehicles, do not engage in portfolio transactions with the same frequency or purpose as managed investment companies.

6. Section 12(d)(3) also was designed to prevent the practice of a broker-dealer giving advice to its customers regarding which investment company to invest in based on whether the investment company has invested in the broker-dealer; thus using the investment company's assets to boost the price of the broker-dealer's securities. Applicants assert that the concern about purchases by a Trust affecting the price of the issuer's securities is not present in the proposed arrangement because a Trust does not actively trade its portfolio securities.

Applicants' Conditions

Applicants agree that the order shall be subject to the following conditions:

1. The debt obligations and non-voting preferred stocks held by a Trust relying on the order will be rated investment grade by a nationally recognized statistical rating organization or be of comparable quality at the time of their initial deposit.

2. The common stocks held by a Trust relying on the order will be listed on a

nationally or internationally recognized securities exchange or market at the time of their initial deposit.

3. No company whose securities constitute more than 5% of the total assets of the portfolio of a Trust relying on the order nor any affiliate thereof will act as broker for any purchase or sale of any portfolio security for any Trust relying on the order.

4. No Trust relying on the order will invest more than 5% of its total assets as of its initial date of deposit in the securities of any company that, to the knowledge of the Sponsors, has sold, or whose affiliate has sold, units of any other Trust within one year preceding such initial date of deposit.

5. No company whose securities constitute more than 5% of the total assets of the portfolio of a Trust relying on the order nor any affiliate thereof will, for a period of at least one year after the date of the last deposit into the Trust, act as an underwriter of the units of any other Trust or be permitted to acquire any such units directly from a Sponsor.

6. With respect to any securities acquired in reliance on the order, such securities will be acquired only in the secondary market and not as part of any offering by the issuers thereof.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-18842 Filed 7-14-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23307; 812-11122]

EuroPacific Growth Fund, et al.; Notice of Application

July 9, 1998.

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

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for relief from section 2(a)(19) of the Act.

SUMMARY OF APPLICATION: Applicants request an order under section 6(c) of the Act declaring that a director on the boards of certain registered investment companies who also is an outside director for the parent company of a registered broker-dealer, will not be deemed an "interested person" of the registered investment companies.

APPLICANTS: EuroPacific Growth Fund ("EUPAC"), the New Economy Fund

("NEF"), New Perspective Fund, Inc. ("NPF"), SMALLCAP World Fund, Inc. ("SCWF"), The Investment Company of America ("ICA") (collectively, the "Fund"); Capital Research and Management Company ("Capital Research"); and American Funds Distributors, Inc. ("AFD").

FILING DATES: The application was filed on April 29, 1998.

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

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: 333 South Hope Street, Los Angeles, CA 90071-1447.

FOR FURTHER INFORMATION CONTACT: Mary T. Geffroy, Senior Counsel, at (202) 942-0553, 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 from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicant's Representations

1. Each of the Funds is an open-end management investment company registered under the Act. EUPAC and NEF are Massachusetts business trusts. NPF and SCWF are Maryland corporations. ICA is a Delaware corporation.

2. Capital Research, an investment adviser registered under the Investment Advisers Act of 1940, serves as investment adviser to the Funds and certain other registered investment companies. The Funds and these investment companies, together with any future registered investment company advised by Capital Research, are referred to as the "American Funds." AFD, a wholly-owned