service to the family. Applicant states that the number of investments by these individuals has declined over time and is no longer permitted. In addition, Applicant manages certain investment vehicles (e.g., limited liability companies or limited partnerships) (each such entity an ''Investment Vehicle'') that the Crown family uses to purchase an asset such as an operating entity. On occasion, the Crown family has permitted a non-Crown family member to participate in the Investment Vehicle. The total amount of non-Crown family member assets to which Applicant provides services is less than 1.34% of the total assets managed by Applicant.

6. Applicant does not hold itself out to the public as an investment adviser and states that it is not listed in the phone book or any other directory as an investment adviser. Applicant does not engage in any advertising, attend investment management-related conferences as a vendor, or conduct any marketing activities.

7. Applicant states that it does provide, as a part of the comprehensive services it provides to Crown family members, a limited amount of certain administrative services to its clients, through a contract with Henry Crown & Company LLC (''HC&Co.'').

8. Applicant represents that the fees charged for its investment advisory services are far below market prices for such services because they are intended to cover Applicant's costs for providing such services and not to serve as a profit center for the Crown family. Applicant states that it uses the fees it receives to pay for the administrative services HC&Co. provides through its contract with Applicant.

9. Applicant has no public clients in the sense of retail or institutional investors and has no plans, now or in the future, to solicit or accept clients from the retail public.

Applicant's Legal Analysis

1. Section 202(a)(11) of the Advisers Act defines ''investment adviser'' to mean ''any person who, for compensation, engages in the business of advising others . . . as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. . . .''

2. Section 202(a)(11)(F) of the Advisers Act authorizes the SEC to exclude from the definition of ''investment adviser'' persons that are not within the intent of section 202(a)(11).

3. Section 203(a) of the Advisers Act requires investment advisers to register with the SEC. Section 203(b) of the Advisers Act provides exemptions from this registration requirement. Applicant asserts that it has determined it does not qualify for any of the exemptions provided by section 203(b). Applicant states that it is not prohibited from registering with the SEC under section 203A(a) of the Advisers Act.

4. Applicant asserts that there is no public interest in requiring it to be registered under the Advisers Act. Applicant states that it is a private organization that was formed to be the ''family office'' for the Crown family. Applicant represents that all of its clients have a close relationship with the Crown family in that they are all either immediate members of the Crown family, a Crown Family Investment Entity or a limited number of close, long-time family associates and their descendants, as well as the senior executives of Longview and certain operating companies. Applicant states that it was organized to provide a ''family office'' for the Crown family, and that is, and will be, the sole purpose for its existence.

5. Applicant requests exemptive relief from section 203(a) of the Advisers Act and requests that the SEC issue an order under section 202(a)(11)(F) declaring it to be a person not within the intent of section 202(a)(11).

Applicant's Conditions

1. Non-Crown family members to whom Longview provides investment advice, including through investments in Crown Family Investment Entities, are limited to their current investments.

2. No new non-Crown family member may make an investment in a Crown Family Investment Entity or in an Investment Vehicle to which Longview provides investment advice.

3. Longview will not enter into any new advisory relationships with a non-Crown family member.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–525 Filed 1–8–02; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–25354; 812–12728]

American Balanced Fund, Inc., *et al.*

January 3, 2002.

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

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: American Balanced Fund, Inc. (''AMBAL''), Fundamental Investors, Inc. (''FI''), The New Economy Fund (''NEF''), SMALLCAP World Fund, Inc. (''SCWF''), The Growth Fund of America, Inc. (''GFA''), and The Income Fund of America, Inc. (''IFA'') (collectively, the ''Funds''); Capital Research and Management Company (''Capital Research''); and American Funds Distributors, Inc. (''AFD'').

FILING DATES: The application was filed on December 20, 2001.

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 January 28, 2002, 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, Commission, 450 5th Street, NW., Washington, DC 20549–0609. Applicants: 333 South Hope Street, Los Angeles, CA 90071–1447.

FOR FURTHER INFORMATION CONTACT: Marilyn Mann, Senior Counsel, at (202) 942–0582, 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 Commission's Public Reference Branch, 450 5th Street, NW., Washington, DC 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. Each of the Funds is an open-end management investment company registered under the Act. NEF is a Massachusetts business trust. AMBAL, FI, GFA, SCWF and IFA are Maryland corporations.

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 subsidiary of Capital Research, is the principal underwriter of the Funds.

3. Each Fund has a board of directors (''Board''), a majority of whom are not ''interested persons'' within the meaning of section 2(a)(19) of the Act. ICA and NPF also have advisory boards, as defined in section 2(a)(1) of the Act, whose members consult with Capital Research and the Funds' Boards.

4. Patricia K. Woolf serves as a director of the Funds. The Funds, together with such other American Funds that in the future elect Ms. Woolf as a director or advisory board member who is not an ''interested person'' of the American Fund within the meaning of section 2(a)(19) of the Act, are referred to as the ''Applicant Funds.'' Ms. Woolf's principal occupation is as a lecturer at Princeton University. Ms. Woolf also is a non-employee director of National Life Holding Company (''NLHC'').[1] NLHC is a mutual insurance holding company that is primarily engaged in the life insurance business. One of NLHC's indirect wholly-owned subsidiaries is Equity Services, Inc. (''ESI''), a broker-dealer registered under the Securities Exchange Act of 1934. Approximately 3.2% of NLHC's consolidated revenues comes from ESI.[2]

5. ESI is a relatively small retail-oriented firm. It does not execute any portfolio transactions for the American Funds. ESI provides *de minimis* distribution services to the American Funds. The gross sales by ESI of shares of the American Funds during the period January 1, 1998 through December 31, 2000 was approximately $61.83 million, or 0.05% of the total gross sales of American Funds shares by all broker-dealers for the same period. The fees received by ESI from the sale of shares of the American Funds during 2000 represented approximately 0.07% of NLHC's total consolidated revenues. The American Funds have adopted plans pursuant to rule 12b–1 under the Act and make payments to their distributors, including ESI, pursuant to those plans.

Applicants' Legal Analysis

1. Section 2(a)(19)(A)(v) of the Act defines an ''interested person'' of an investment company to include any person or any affiliated person of a person that, at any time during the last six months, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for (a) the investment company; (b) any other investment company having the same investment adviser or holding itself out to investors as a related company for purposes of investment or investor services; or (c) any account over which the investment company's investment adviser has brokerage placement discretion. Applicants state that Ms. Woolf may be deemed an affiliated person of ESI by virtue of her position as a director of NLHC, an entity that controls ESI within the meaning of section 2(a)(9) of the Act. Because Ms. Woolf may be deemed an affiliated person of ESI, Ms. Woolf currently is considered an interested person of the Funds.

2. Applicants believe that, because Ms. Woolf's affiliation with ESI is solely the result of her position as a non-employee director of NLHC, and because ESI provides only *de minimis* distribution services to the American Funds, it would be more appropriate to treat Ms. Woolf as an independent director. Applicants thus request an order under section 6(c) of the Act declaring that Ms. Woolf will not be deemed an interested person under section 2(a)(19) of the Act.[3]

4. Section 6(c) of the Act provides, in part, that the Commission may exempt any person from any provision of the Act or any rule under the Act if and to the extent 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. Applicants contend that their request for relief from interested person status for Ms. Woolf meets this standard because Ms. Woolf's relationship with ESI is attenuated and poses no real or potential conflict of interest and because ESI's only business relationship with the Funds involves a *de minimis* amount of distribution services for the Funds.

5. Applicants state that, in her position as a non-employee director of NLHC, Ms. Woolf has no authority or responsibility for the operations of ESI and does not control or influence the day-to-day management of ESI. Applicants also represent that Ms. Woolf has no material business or professional relationship with NLHC, ESI, the American Funds, Capital Research, AFD or any affiliated person of these entities.

6. Applicants state that, as one of the conditions to the proposed relief, certain requirements will apply if the Commission has declared by order (''Status Order'') the non-interested status of more than one director serving on the Board of a particular Applicant Fund, and the director is an affiliated person of, or an affiliated person of an affiliated person of, a broker or dealer doing a limited amount of business with one or more American Funds (a ''B–D Director'').[4] In such a case, the Applicant Fund would not rely on Status Orders relating to more than one B–D Director in complying with all applicable board composition requirements under the Act (including regulations under the Act) (''Board Composition Requirements''). In addition, for purposes of actions requiring the separate vote of a majority of the Applicant Fund's non-interested directors (''Special Voting Requirements''), only one of the B–D Directors would be counted as a non-interested director.

[1] In 2000, Ms. Woolf's aggregate compensation from NLHC (consisting of annual retainer and meeting fees, and term insurance) was $43,080. Ms. Woolf, as a policyowner of National Life Insurance Company, a subsidiary of NLHC, is entitled to one vote at meetings of the members of NLHC. During 2000 and 2001, Ms. Woolf received advice from an employee of ESI regarding certain estate planning issues. In addition, in the future Ms. Woolf may establish a brokerage or similar account with ESI (or an affiliate thereof). In each case, the transaction or relationship was, or would be, a routine, retail transaction or relationship under which Ms. Woolf was not, or will not be, accorded special treatment.

[2] This figure is based on NLHC's consolidated revenues in 2000.

[3] Applicants are not requesting relief from the provisions of rule 12b–1(b)(2) that require a rule 12b–1 plan to be approved by the directors of an investment company ''who * * * have no direct or indirect financial interest in the operation of the plan or in any agreements related to the plan.'' Applicants state that they intend to treat Ms. Woolf as a director who meets these requirements, based on Ms. Woolf's lack of a material business or professional relationship with NLHC or ESI. Applicants represent that, should Ms. Woolf develop a direct or indirect financial interest in the operation of the American Funds' rule 12b–1 plans, she will no longer be treated as meeting the above requirements of rule 12b–1.

[4] In 1998, the Commission granted an order to Capital Research, AFD, and certain American Funds, permitting the applicants to treat William H. Kling as a non-interested director. EuroPacific Growth Fund, Investment Company Act Release Nos. 23307 (July 9, 1998) (notice) and 23374 (Aug. 4, 1998) (order).

Applicants' Conditions

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

1. The American Funds will comply with all of the requirements of section 2(a)(19) of the Act (and any rules thereunder) except for the clauses concerning the distribution of investment company shares in subparagraphs (A)(v) and (B)(v) of section 2(a)(19), as those clauses relate to distribution of shares of the American Funds by ESI.

2. The amount of distribution business engaged in by ESI on behalf of any one Applicant Fund (other than a money market fund) may not exceed five percent of gross share sales (prior to payment of dealer and underwriter commissions) for such Applicant Fund.

3. The amount of distribution business engaged in by ESI on behalf of all American Funds in the aggregate may not exceed five percent of gross share sales (prior to payment of dealer and underwriter commissions and exclusive of money market fund share sales) for American Funds in the aggregate.

4. No more than one percent of NLHC's consolidated gross revenues may come from sales by ESI of shares on behalf of any one Applicant Fund.

5. No more than five percent of NLHC's consolidated gross revenues may come from sales by ESI of shares on behalf of all American Funds in the aggregate.

6. ESI may not serve as a regular broker or dealer, as defined in rule 10b–1 under the Act, for any American Fund.

7. To the extent Board Composition Requirements or Special Voting Requirements are applicable, each Applicant Fund will comply with such requirements without taking into account more than one B–D Director subject to a Status Order. For all other purposes under the Act, each Applicant Fund may treat as ''non-interested'' all B–D Directors subject to one or more Status Orders.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–524 Filed 1–8–02; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–45232; File No. SR–DTC–2001–18]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of a Deadline in Connection With the Direct Registration System Facility

January 3, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on December 3, 2001, The Depository Trust Company (''DTC'') 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 primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

In File No. SR–DTC–2001–07, DTC established a deadline of November 1, 2001, by which (i) All securities issues eligible for DTC's Direct Registration System (''DRS'') which do not participate in the Profile Modification System (''Profile''), which is part of DRS, were to move to Profile and (ii) a request by a broker for a withdrawal by transfer (W.T.) for a DRS-eligible security which W.T. does not specifically request a certificate was to automatically default to a DRS book-entry position (an ''S'' position) on the books of the issuer or its transfer agent.[2] The proposed rule change extends the November 1, 2001, deadline to December 14, 2001.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of these statements.[3]

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to allow issuers and their transfer agents adequate time to move all DRS-eligible securities issues to Profile.[4] Due to the events of September 11, 2001, and ensuing communications problems, some issuers and their transfer agents found it difficult to meet the November 1, 2001 deadline.

The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC because it will encourage more issuers to allow their securities to be included in Profile which is an integral part of DRS. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in DTC's custody or control or for which it is responsible since the operation of DRS, as modified by the proposed rule change, will be similar to the current operation of DRS.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC perceives no adverse impact on competition by reason of the proposed rule change.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments from DTC Participants or others have not been solicited or received on the proposed rule change. DTC will notify the Commission of any written comments received by DTC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)(iii)[5] of the Act and Rule 19b–4(f)(4)[6] promulgated thereunder because the proposal effects a change in an existing service of DTC that (A) does not adversely affect the safeguarding of securities or funds in the custody or

[1] 15 U.S.C. 78s(b)(1).

[2] Securities Exchange Act Release No. 44696 (August 14, 2001), 66 FR 43939.

[3] The Commission has modified the text of the summaries prepared by DTC.

[4] For previous orders relating to Profile, refer to Securities Exchange Act Release Nos. 41862 (September 10, 1999), 64 FR 51162; 42366 (January 28, 2000), 65 FR 5714; 42704 (April 19, 2000), 65 FR 24242; 43586 (November 17, 2000), 65 FR 70745; 44696 (August 14, 2001), 66 FR 43939.

[5] 15 U.S.C. 78s(b)(3)(A)(iii).

[6] 17 CFR 240.19b–4(f)(4).