

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23045; International Series Rel No. 1121; 812-10960]

Old Mutual South Africa Equity Trust, et al.; Notice of Application

February 26, 1998.

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

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

Summary of Application

Order requested to permit a registered investment company to purchase certain shares of an affiliated issuer.

Applicants

Old Mutual South Africa Equity Trust (the "Trust"), Old Mutual Asset Managers (Bermuda) Limited (the "Adviser"), and Primedia Limited ("Primedia").

Filing Dates

The application was filed on January 13, 1998. Applicants have agreed to file an amendment, the substance of which is incorporated in this notice, during the notice period.

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 March 23, 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, NW., Washington, DC 20549. Applicants, 61 Front Street, Hamilton, Bermuda, Attention: Melanie Saunders.

FOR FURTHER INFORMATION CONTACT:

Lawrence W. Pisto, Senior Counsel, at (202) 942-0527, or Nadya B. Roytblat, Assistant Director, at (202) 942-0564, Office of Investment Company Regulation, Division of Investment Management.

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 Street, NW., Washington, DC 20549 (tel. (202) 942-8090).

Applicants' Representations

1. The Trust is an open-end management investment company organized as a trust under Massachusetts law and registered under the Act. The investment objective of the Trust is long-term total return in excess of that of the Johannesburg Stock Exchange (the "JSE") Actuaries All Share Index through investment in equity securities of South African issuers. Beneficial interests in the Trust are sold solely in private placement transactions to investment companies, common or commingled trust funds, or similar entities that are "accredited investors" within the meaning of Regulation D under the Securities Act of 1933, as well as to certain investment funds organized outside the United States. Old Mutual Fund Holdings (Bermuda) Limited, a wholly-owned subsidiary of the South African Mutual Life Assurance Society ("Old Mutual"), owns approximately 90.91% of the outstanding voting securities of the Trust.¹

2. The Adviser is a wholly-owned subsidiary of Old Mutual and is registered under the Investment Advisers Act of 1940. The Adviser serves as investment adviser to the Trust.

3. Primedia is a South African corporation. It is an integrated media and communications group. Primedia's ordinary shares are listed on the JSE. Applicants state that, for the period beginning the week of December 5, 1997 and ending the week of January 30, 1998, the unweighted average weekly volume of ordinary shares of Primedia traded on the JSE, as a percentage of the total number of ordinary shares of Primedia outstanding and calculated on an annualized basis, was 16.3%. Old Mutual, its wholly-owned subsidiaries and investment vehicles managed by Old Mutual and its wholly-owned subsidiaries, but excluding the Trust, (collectively, the "Old Mutual Group") indirectly own approximately 19.82% of the total outstanding ordinary shares of Primedia.² Applicants state that neither Old Mutual nor the Old Mutual Group control Primedia within the meaning of the Act.

4. Applicants state that it is common practice in the South African equity markets for placements to be offered to large institutional investors at a

discount to the market price. Applicants also state that Old Mutual and its affiliates are major participants in the South African equity markets. In December 1997, Primedia offered to the Trust a private placing of 1,952,119 ordinary shares of Primedia (the "Primedia Shares"), or approximately 2.30% of Primedia's outstanding ordinary shares. On December 17, 1997 (the "Subscription Date") the Trust agreed to purchase the Primedia Shares on March 2, 1998. At the request of the Trust, Primedia agreed to defer the settlement date for the purchase of the Primedia Shares by the Trust to March 31, 1998 (such date or such other settlement date as to which the parties mutually agree, the "Settlement Date"). The purchase price per Primedia Share is to be SA R21.82 (the "Purchase Price"), which represents a 7.35% discount from the market price on the Subscription Date. The Trust's obligation to purchase the Primedia Shares is subject to the receipt of the requested order.

5. Applicants represent that while analysts employed by Old Mutual recommended the acquisition of the Primedia Shares, the decision to purchase the Primedia Shares was an independent decision made by the Adviser solely in the interests of the Trust and was not influenced by Old Mutual or its personnel. At a meeting held on February 13, 1998, the board of trustees of the Trust, including a majority of the independent trustees, approved the purchase of the Primedia Shares as in the best interests of the Trust and consistent with the requirements of Section 17(b) of the Act.

6. Applicants represent that the Primedia Shares have all the attributes of the Primedia ordinary shares listed on the JSE, and that the Primedia Shares are freely transferable under South African law. Applicants also state that the Trust has not entered into, and will not be subject to, any agreement or understanding, express or implied, that the Trust may not sell the Primedia Shares on the open market at any time after its purchase.

Applicants' Legal Analysis

1. Section 17(a) of the Act makes it unlawful for any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, knowingly to sell any security to the company. Section 2(a)(3) of the Act defines "affiliated person" of another person to include (a) any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person, (b)

¹ Based on holdings as of December 17, 1997.

² Based on holdings as of December 17, 1997.

any person directly or indirectly controlling, controlled by, or under common control with the other person, or (c) if the other person is an investment company, any investment adviser of that person.

2. Due to Old Mutual's ownership interest in Primedia, Primedia is an affiliated person of an affiliated person of the Trust. The sale of Primedia Shares to the Trust thus would be prohibited by section 17(a) of the Act.

3. Section 17(b) of the Act provides that the SEC may exempt a transaction from the prohibitions of section 17(a) if the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

4. Applicants submit that the requested relief meets the standards set forth in section 17(b). Applicants state that the board of trustees of the Trust, including a majority of the trustees who are not interested persons of the Trust, approved the purchase of the Primedia Shares. Applicants also state that the transaction will comply with the requirements of rule 17a-7 under the Act, except that (i) the Purchase Price will be below the current market price, and (ii) the Trust and Primedia are affiliated persons by reason other than having a common investment adviser, common directors, and/or officers. Finally, applicants represent that the Trust will not purchase the Primedia Shares if on the Settlement Date the market price of the Primedia falls below the Purchase Price.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release 34-39700; International Series Release No. 1122; File No. 600-20]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing of and Order Approving a Request for Extension of Temporary Registration as a Clearing Agency

February 26, 1998.

Notice is hereby given that on January 7, 1998, the International Securities

Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") an application pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")¹ to extend ISCC's temporary registration as a clearing agency.² The Commission is publishing this notice and order to solicit comments from interested persons and to extend ISCC's temporary registration as a clearing agency through February 28, 1999.

On May 12, 1989, the Commission granted, pursuant to Sections 17A and 19(a) of the Act³ and Rule 17Ab2-1(c) thereunder,⁴ the application of ISCC for registration as a clearing agency on a temporary basis for a period of eighteen months.⁵ Since that time, the Commission has extended ISCC's temporary registration through February 28, 1998.⁶

One of the primary reasons for ISCC's registration as a clearing agency was to enable it to provide for the safe and efficient clearance and settlement of international securities transactions by providing links between centralized, efficient processing systems in the United States and foreign financial institutions. ISCC serves this function through its Global Clearance Network service and through its settlement links with foreign clearing entities such as the Euroclear system, which is operated by the Brussels Office of Morgan Guaranty Trust Company of New York ("Euroclear").⁷

As a part of ISCC's temporary registration, the Commission granted ISCC a temporary exemption from compliance with Section 17A(b)(3)(C) of the Act,⁸ which requires that the rules of a clearing agency assure the fair representation of its shareholders or members and participants in the selection of its directors and administration of its affairs. The Commission granted this temporary exemption due to ISCC's limited participant base at that time. The

Commission recently approved ISCC's new structure for matters relating to its corporate governance.⁹ As a result of these changes, ISCC's board now consists of seven directors. Of the seven directors, NSCC selects two directors, both for one year terms. The other five directors ("participant directors") are divided into three classes with staggered three year terms.

ISCC's nominating committee selects candidates for all vacancies on the nominating committee and for participant directors. Participants have the right to nominate candidates for the nominating committee and for participant directors through a petition signed by the lesser of 5% of all participants or fifteen participants. If a participant petition is filed or if the board nominates additional candidates to the nominating committee, the participants select the person to fill that vacancy.

In the order approving ISCC's governance changes, the Commission stated that ISCC's procedures for election of directors were consistent with its obligations to provide fair representation to its participants. Therefore, the Commission is eliminating ISCC's exemption from Section 17A(b)(3)(C) of the Act. The Commission believes that several issues need to be resolved prior to ISCC obtaining permanent registration. In particular, the Commission is reviewing the appropriate standard(s) of liability of a clearing agency to its members. Therefore, the Commission believes that ISCC's temporary registration should be extended for an additional twelve months.¹⁰

Interested persons are invited to submit written data, views, and arguments concerning the foregoing application, including whether such application is consistent with the Act. Such written data, views, and arguments will be considered by the Commission in granting registration or instituting proceedings to determine whether registration should be denied in accordance with Section 19(a)(1) of the Act.¹¹ Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the application and all written comments will be available for inspection and copying at the Commission's Public Reference Room,

⁹ Securities Exchange Act Release No. 38846 (July 17, 1997), 62 FR 39562.

¹⁰ The Commission expects to continue to process ISCC's request for permanent registration during this temporary registration period.

¹¹ 15 U.S.C. 78s(a)(1).

¹ 15 U.S.C. 78s(a).

² Letter from Julie Beyers, Associate Counsel, ISCC (January 6, 1998) ("Registration Letter").

³ 15 U.S.C. 78q-1 and 78s(a).

⁴ 17 CFR 17Ab2-1(c).

⁵ Securities Exchange Act Release No. 26812 (May 12, 1989), 54 FR 21691.

⁶ Securities Exchange Act Release Nos. 28606 (November 16, 1990), 55 FR 47976; 30005 (November 27, 1991), 56 FR 63747; 33233 (November 22, 1993), 58 FR 63195; 36529 (November 29, 1995), 60 FR 62511; 37986 (November 25, 1996), 61 FR 64184; and 38703 (May 30, 1997), 62 FR 31183.

⁷ Securities Exchange Act Release Nos. 29841 (October 18, 1991), 56 FR 55960 (order approving ISCC's Global Clearance Network service) and 32564 (June 30, 1993), 58 FR 36722 (order approving linkage with Euroclear).

⁸ 15 U.S.C. 78q-1(b)(3)(C).