

participation in an Existing Fund or Future Fund. Each Participating Insurance Company will vote shares for which it has not received timely voting instructions as well as shares attributable to it in the same proportion as it votes those shares for which it has received voting instructions. Each Qualified Plan will vote as required by applicable law and governing Plan documents.

7. As long as the Commission continues to interpret the Act as requiring pass-through voting privileges to be provided to variable contractowners, HL Advisors or any of its affiliates will vote its shares of any Existing Fund or Future Fund in the same proportion of all variable contract owners having voting rights with respect to the relevant Fund.

8. Each Existing Fund and Future Fund will comply with all provisions of the Act requiring voting by shareholders (including persons who have a voting interest in the shares of the Existing Funds and any Future Fund), and, in particular, each such Fund will either provide for annual meetings (except to the extent that the Commission may interpret section 16 of the Act not to require such meetings) or comply with section 16(c) of the Act (although the Existing Funds and Future Funds are not, or will not be, the type of trust described in section 16(c) of the Act), as well as with section 16(a) of the Act and, if and when applicable, section 16(b) of the Act. Further, each such Fund will act in accordance with the Commission's interpretation of the requirements of section 16(a) with respect to periodic elections of directors and with whatever rules the Commission may promulgate with respect thereto.

9. Each Existing Fund and Future Fund will notify all Participants that separate account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate. Each such Fund will disclose in its prospectus that: (a) Shares of such Fund may be offered to insurance company separate accounts of both variable annuity and variable life insurance contracts and to Qualified Plans; (b) due to differences in tax treatment and other considerations, the interests of various contractowners participating in such Fund and the interests of Qualified Plans investing in such Funds may conflict; and (c) such Funds' Board will monitor events in order to identify the existence of any material irreconcilable conflicts and determine what action, if any, should be taken in response to any such conflict.

10. If and to the extent that Rule 6e-2 or Rule 6e-3(T) under the Act are amended, or proposed Rule 6e-3 under the Act is adopted, to provide exemptive relief from any provision of the Act, or the rules promulgated thereunder, with respect to mixed or shared funding, on terms and conditions materially different from any exemptions granted in the Order requested in this Application, then each Existing Fund and each Future Fund and/or the Participants, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 or 6e-3(T), as amended, or Rule 6e-3, as adopted, as such rules are applicable.

11. The Participants, at least annually, will submit to the Board of each Existing Fund and any Future Fund such reports, materials, or data as a Board may reasonably request so that the directors of the Board may fully carry out the obligations imposed upon a Board by the conditions contained in this Application, and said reports, materials and data will be submitted more frequently if deemed appropriate by a Board. The obligations of the Participants to provide these reports, materials and data to a Board, when it so reasonably requests, will be a contractual obligation of all Participants under their agreements governing participation in the Existing Funds and Future Funds.

12. All reports of potential or existing conflicts received by a Board, and all Board action with regard to (a) determining the existence of a conflict, (b) notifying Participants of the existence of a conflict and (c) determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the meetings of the relevant Board or other appropriate records, and such minutes or other records shall be made available to the Commission upon request.

13. An Existing Fund and any Future Fund will not accept a purchase order from a Qualified Plan if such purchase would make the Plan shareholder an owner of 10 percent or more of the assets of such Fund unless such Plan executes an agreement with the relevant Fund governing participation in such Fund that includes the conditions set forth herein to the extent applicable. A Qualified Plan will execute an application containing an acknowledgement of this condition at the time of its initial purchase of shares of any such Fund.

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

Maragaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Rel No. IC-24674; 812-11878]

GE Asset Management Incorporated, et al.; Notice of Application

October 3, 2000.

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

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

Summary of Application: Applicants request an order to permit certain series of GE Institutional Funds (the "Fund") to accept an investment in-kind from certain affiliated investors in exchange for shares of the series.

Applicants: GE Asset Management Incorporated (GEAM) and the Fund.

Filing Dates: The application was filed on December 10, 1999, and amended on May 3, 2000 and October 3, 2000.

Hearing or Notification of Hearing: An order granting the requested relief 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 October 27, 2000, 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 20549-0609. Applicants, GE Asset Management Incorporated, 777 Long Ridge Road, Stamford, Connecticut 06927.

FOR FURTHER INFORMATION CONTACT: Julia Kim Gilmer, Senior Counsel, at (202) 942-0528, 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 SEC's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel: 202-942-8090).

Applicants' Representations

1. The Fund is an open-end management investment company organized under the laws of the State of Delaware in 1997 and registered under the Act. The Fund consists of 17 series and is designed primarily for institutional investors.

2. GEAM is an investment adviser registered under the Investment Advisers Act of 1940 and serves as the investment adviser to the Fund. GEAM is a direct wholly-owned subsidiary of General Electric Company ("GE").

3. GE Capital Asset Maintenance Plan Master Trust and Asset Management Plan for GE Affiliated Companies (the "Affiliated Investors") are qualified retirement plans and trusts maintained by GE and its affiliates. The Affiliated Investors currently own more than 5% of certain series of GE Funds ("Redeeming Series"), an open-end management investment company organized under the laws of the Commonwealth of Massachusetts in 1992 and registered under the Act.¹ GE Funds offers shares primarily to retail and smaller institutional investors who generally do not meet the requirements for investment in the Fund. The Affiliated Investors first invested in GE Funds in 1995.

4. Applicants propose that the Affiliated Investors redeem in-kind all of their shares of the Redeeming Series and immediately invest all the proceeds of the redemptions in corresponding series of the Fund ("Fund Series") with substantively the same investment objectives and strategies as the Redeeming Series (the "Purchase").² The Purchase will occur as soon as practicable after the relief requested in the application is granted or on November 1, 2000, whichever is later.³ The securities to be delivered to the

Fund in connection with the Purchase will be valued in the same manner as they would be valued for purposes of computing the net asset value for the Fund Series. The Affiliated Investors have determined to redeem their interests in the Redeeming Funds and invest in the corresponding Fund Series to benefit from the lower fund operating expenses of the Fund Series. Applicants state that, since the Affiliated Investors are pension plans, it is expected that they will be long-term investors in the Fund.

Applicants' Legal Analysis

1. Section 17(a)(1) of the Act, in pertinent part, prohibits an affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, from selling to or purchasing from such registered investment company, any security or other property.

2. Section 2(a)(3)(C) of the Act defines an "affiliated person" of another person to include any person directly or indirectly controlling, controlled by, or under common control with, such other person, and if the other person is an investment company, any investment adviser of the company. Applicants state that the Affiliated Investors may be deemed to be controlled by or under common control with the Fund's investment adviser by virtue of being a pension plan sponsored by GE or a GE-affiliated entity. The Affiliated Investors, therefore, are affiliated persons of the Fund, and the Purchase may be prohibited by section 17(a) of the Act.

3. Section 17(b) of the Act provides that the SEC shall exempt a transaction from the restrictions of section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the Act; and the proposed transaction is consistent with the general purposes of the Act.

4. Applicants submit that the terms of the Purchase satisfy the standards set forth in section 17(b). Applicants state that Fund's board of trustees ("Board"), including all of the non-interested trustees, has determined that the Purchase is in the best interests of the shareholders of the Fund Series. Applicants also state that the Purchase will comply with rule 17a-7(c) and (d)

of the Act and the conditions set forth below.

Applicants' Conditions

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

1. The securities to be transferred to the Fund Series in the Purchase will be valued in the same manner as they would be valued for purposes of computing the Fund Series' net asset values.

2. At the next regular meeting following the Purchase, the Board, including a majority of the disinterested trustee, will determine (a) whether the securities transferred in the Purchase were valued in accordance with condition 1; and (b) whether the acquisition of the securities was consistent with the policies of the Fund Series as reflected in their registration statements and reports filed under the Act.

3. The Fund will maintain and preserve for a period of not less than six years from the end of the fiscal year in which the Purchase occurs, the first two years in an easily accessible place, a written record of the Purchase setting forth a description of each security transferred, the terms of the transfer, and the information or materials upon which the determinations required by condition 2 were made.

For the SEC, 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-24675; 812-12176]

Scudder Pathway Series, et al; Notice of Application

October 3, 2000.

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

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: Applicants request an order to permit Scudder Income Fund ("Income"), a series of Scudder Portfolio Trust (the "Trust"), to acquire substantially all of the assets and all of the liabilities of Scudder Corporate Bond Fund ("Corporate Bond"), also a series of the Trust (the "Reorganization"). Because of certain

¹ As of June 30, 2000, the Affiliated Investors owned 11.27% of the GE Funds International Equity Fund, 7.25% of the GE Funds U.S. Equity Fund, 8.87% of the GE Funds Strategic Investment Fund, and 5.02% of the GE Funds Fixed Income Fund.

² The Redeeming Series will rely on and adhere to all of the conditions enumerated in the no-action letter issued by SEC staff to *Signature Financial Group, Inc.* (publicly available Dec. 28, 1999) in connection with the redemptions in-kind of the Affiliated Investors' shares in the Redeeming Series.

³ The Affiliated Investors will purchase shares of the following Fund Series with the proceeds of their redemptions: GE Institutional International Equity Fund, GE Institutional U.S. Equity Fund, GE Institutional Strategic Investment Fund and GE Institutional Fixed Income Fund.