

“interested persons,” as defined in section 2(a)(19) of the Act) of the Blair Fund will approve the Blair Fund’s participation in the Securities Lending Program. Such trustees also will evaluate the securities lending arrangement and its results no less frequently than annually and determine that any investment of Cash Collateral in the Money Market Funds is in the best interest of the shareholders of the Investing William Blair Fund.

8. To engage in Interfund Transactions, the Investing Funds and Money Market Funds will comply with Rule 17a-7 under the Act in all respects other than the requirement that the parties to the transactions be affiliated persons (or affiliated persons of affiliated persons) of each other solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common officers and/or common directors, solely because the Investing Funds and Money Market Funds might become affiliated persons within the meaning of section 2(a)(3)(A) and (B) of the Act.

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

[Investment Company Act Release No. 24692; 812-11376]

### The Galaxy Fund, et al.; Notice of Application

October 17, 2000.

**AGENCY:** Securities and Exchange Commission (“Commission”).

**ACTION:** Notice of an application under sections 6(c), 10(f), and 17(b) of the Investment Company Act of 1940 (“Act”) for an exemption from sections 10(f) and 17(a)(1) of the Act.

**SUMMARY OF THE APPLICATION:** The requested order would amend an existing order that permits an open-end management investment company to purchase certain securities: (i) from an affiliated underwriter, if such securities are solely underwritten by that underwriter or are unavailable from other members of an underwriting syndicate, and (ii) through group orders placed with an underwriting syndicate that includes the affiliated underwriter.

**Applicants:** The Galaxy Fund (“Trust”); Fleet Investment Advisors, Inc. (“Adviser”); and Fleet Securities, Inc. (“Fleet Securities”).

**FLILING DATES:** The application was filed on October 28, 1998, and was amended on April 22, 1999, and February 18, 2000.

**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 November 9, 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 may request notification by writing to the Commission’s Secretary.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants: Trust, c/o Drinker Biddle & Reath LLP, Attn: Mary Jo Reilly, Esq. or Terry Riley, Esq., 1345 Chestnut Street, Philadelphia, PA 19107; Adviser, 75 State Street, Boston, MA 02109; Fleet Securities, 14 Wall Street, 27th Floor, New York, NY 10005.

**FOR FURTHER INFORMATION CONTACT:** Bruce R. MacNeil, Senior Counsel, at (202) 942-0634, or Nadya B. Roytblat, Assistant Director, 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 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

#### Applicants’ Representations

1. The Trust is an open-end management investment company registered under the Act. The Trust offers several investment portfolios, including the Rhode Island Municipal Bond Fund (“Portfolio”). The Adviser, which is registered under the Investment Advisers Act of 1940, serves as investment adviser to the Portfolio. The Adviser is an indirect wholly-owned subsidiary of FleetBoston Corporation (“FleetBoston”).

2. The Portfolio’s investment objective is to seek as high a level of current interest income exempt from federal

income tax and, to the extent possible, from Rhode Island personal income tax, as is consistent with relative stability of principal. To achieve this objective, at least 65% of the Portfolio’s assets are invested in: (i) debt securities of the State of Rhode Island, its political subdivisions, authorities, agencies, instrumentalities and corporations, the interest on which is exempt from federal and Rhode Island personal income taxes (“Rhode Island Tax-Exempt Securities”); and (ii) debt securities of certain other governmental issuers such as Puerto Rico, the interest on which is exempt from federal and Rhode Island personal income taxes.

3. Fleet Securities, a wholly-owned subsidiary of FleetBoston, is one of the top three underwriters of most types of Rhode Island Tax-Exempt Securities based on both dollar volume and number of new issues. In 1994, applicants received an exemptive order under sections 6(c), 10(f), and 17(b) of the Act that permits the Portfolio to purchase Rhode Island Tax-Exempt Securities: (i) from Fleet Securities, where Fleet Securities is the sole underwriter or such securities are unavailable from other members of an underwriting syndicate, and (ii) through group orders placed with an underwriting syndicate of which Fleet Securities is a member (“Existing Order”).<sup>1</sup> Under the Existing Order, the Portfolio and all other entities for which investment decisions are made by the Adviser, Fleet Securities, FleetBoston, and/or affiliated persons of the Adviser, Fleet Securities, and FleetBoston (collectively, “Related Purchasers”), may not, in the aggregate, purchase more than the greater of 4% or \$500,000, but in no event more than 10%, of any class of an issue of Rhode Island Tax-Exempt Securities (“Existing Limit”). Applicants seek to amend the Existing Order to increase the Existing Limit consistent with rule 10f-3 under the Act currently in effect.

#### Applicants’ Legal Analysis:

1. Section 10(f) of the Act, in relevant part, prohibits a registered investment company from purchasing securities from an underwriting syndicate in which an affiliated person of the company’s investment adviser acts as a principal underwriter. Under section 2(a)(3) of the Act, Fleet Securities is an affiliated person of the Adviser because

<sup>1</sup> *The Galaxy Fund*, Investment Company Act Rel. Nos. 20660 (Oct. 26, 1994) (notice) and 20726 (Nov. 22, 1994) (order). A group order is an order that is allocated to all members of an underwriting syndicate in proportion to their relative participations.

both entities are under the control of FleetBoston.

2. Section 10(f) further provides that the Commission, by rule or order, may exempt any transaction or class of transactions from section 10(f) to the extent that the exemption is consistent with the protection of investors. Rule 10f-3 under the Act permits a registered investment company to make purchases otherwise prohibited by section 10(f) under certain conditions, including that the company may not purchase the securities being offered directly or indirectly from its affiliated underwriter and that purchases of municipal securities may not be designated as group sales or otherwise allocated to the account of the affiliated underwriter. Among other conditions, rule 10f-3 limits to 25% the amount of an underwriting that may be purchased by an investment company, together with all other investment companies advised by the same investment adviser.

3. Section 17(a)(1) of the Act, in relevant part, prohibits an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from selling securities to the investment company. Under section 17(b) of the Act, the Commission will exempt a transaction from the provisions of section 17(a) if it finds that the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company and the general purposes of the Act. Section 6(c) of the Act, in relevant part, permits the Commission to exempt any transaction or class of transactions from any provision of the Act if, and to the extent that, 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.

4. Applicants request relief under section 10(f) from section 10(f) and under sections 6(c) and 17(b) from section 17(a)(1) to permit the Portfolio to purchase Rhode Island Tax-Exempt Securities pursuant to the terms of the Existing Order provided that the Portfolio, together with the other Related Purchasers, purchase no more than 25% of the principal amount of an offering of such securities. Applicants state that Fleet Securities has a dominant presence in the market for Rhode Island Tax-Exempt Securities. Applicants also assert that Rhode Island has a relatively short supply of newly-issued bonds and historically has had a limited secondary market for Rhode

Island Tax-Exempt Securities. The Adviser has concluded that, absent the requested amended order, it may be unable to obtain sufficient Rhode Island Tax-Exempt Securities to meet the Portfolio's requirements on days when the supply is relatively low in the secondary market. In addition, even on a day when the amount available in the secondary market is relatively high, the Adviser has concluded that it may not be able reliably to meet the Portfolio's requirements from that market because the issues available may be unsuitable for purchase due to their credit quality or other characteristics. Applicants assert that these secondary market characteristics increase the Portfolio's need to acquire a greater percentage of Rhode Island Tax-Exempt Securities in underwritten offerings instead of the secondary market.

5. Applicants state that increasing the Existing Limit to 25% would benefit the shareholders of the Portfolio by providing the Portfolio with adequate access to the new issue market for Rhode Island Tax-Exempt Securities. Applicants assert that the new limit would provide adequate investor protection because a significant portion of an offering in which Fleet Securities participates would be purchased by investors other than the Portfolio and other Related Purchasers. Applicants further state that the requested order meets the standards for relief set forth in sections 6(c), 10(f), and 17(b) of the Act.

#### *Applicants' Conditions*

Applicants agree that the amended order will be subject to the following conditions:

1. Transactions effected pursuant to the amended order will be effected in accordance with all of the provisions of rule 10f-3 as amended, other than paragraph (b)(8) thereof. Related Purchasers will not, in the aggregate, purchase more than 25% of any class of an issue of Rhode Island Tax-Exempt Securities purchased pursuant to the amended order. If the aggregate number of securities the Related Purchasers wish to acquire exceeds this limit, the securities acquired will be allocated to each Related Purchaser in the proportion that the number of securities that such Related Purchaser wishes to acquire bears to the total number of securities that all Related Purchasers wish to acquire.

2. Transactions may be effected only in Rhode Island Tax-Exempt Securities that, at the time of purchase, have one of the following investment grade ratings from at least one nationally recognized rating agency: (i) one of the

two highest investment grade ratings in the case of securities with remaining maturities of one year or less, and (ii) one of the three highest investment grade ratings in the case of securities with remaining maturities greater than one year.

3. Transactions effected pursuant to the amended order will be limited so that no such transactions will be effected if, as a result, the value of Rhode Island Tax-Exempt Securities held by the Portfolio and acquired pursuant to the amended order would exceed 50% of the total net assets of the Portfolio.

4. Transactions will be effected pursuant to the amended order only when the Rhode Island Tax-Exempt Securities to be acquired are otherwise unavailable for purchase. If Fleet Securities is the sole underwriter of the securities, this condition is automatically fulfilled because there is not other potential seller. When Fleet Securities is a member of an underwriting syndicate, the Adviser will observe the following procedures to determine when the securities are unavailable from other members of the syndicate. Initially, the Adviser will determine the aggregate number of securities that the Related Purchasers wish to acquire. Next, the Adviser will attempt to purchase as much of this number as possible from members of the syndicate other than Fleet Securities. After acquiring as many securities as possible from such other members, the Adviser will attempt to purchase from Fleet Securities the number of securities that the Related Purchasers wish to acquire and have been unable to obtain from such other members. The securities acquired from such other members will be allocated first to the Portfolio to the extent of the number of securities it wishes to acquire, or the number of securities it is entitled to acquire based upon the relative needs of the Related Purchasers and the total number of securities purchased from such other members and from Fleet Securities, whichever is less.

5. When the Portfolio purchases Rhode Island Tax-Exempt Securities from a syndicate manager of an underwriting syndicate of which Fleet Securities is a member, the Portfolio will not: (i) Submit designated order to a syndicate manager which are allocated to Fleet Securities, (ii) submit group orders to a syndicate manager that designate Fleet Securities to receive any portion of the commission, or (iii) otherwise allocate orders to Fleet Securities.

6. FleetBoston will not have any involvement with respect to proposed

transactions between the Portfolio and Fleet Securities and will not attempt to influence or control in any way the Adviser's placement of orders with Fleet Securities.

7. The exemption will be valid only so long as the Adviser and Fleet Securities operate as separate entities and independent profit centers within the holding company framework of FleetBoston, with their own separate officers and employees, separate capitalizations, and separate books and records.

8. The legal departments of Fleet Securities and the Adviser will prepare amended guidelines for personnel of Fleet Securities and the Adviser to make certain that transactions conducted pursuant to the amended order comply with the conditions set forth in the application and that the parties maintain arm's length relationships. The legal departments will periodically monitor the activities of Fleet Securities and the Adviser to make certain that such guidelines and the conditions set forth in the application are adhered to.

9. The board of trustees of the Trust, including a majority of the trustees who are not interested persons under section 2(a)(19) of the Act and have no direct or indirect financial interest in the transaction, will review, no less frequently than quarterly, each transaction conducted pursuant to the amended order since the last review and will determine that the terms of such transaction were reasonable and fair to the shareholders of the Portfolio and did not involve overreaching of the Portfolio or its shareholders on the part of any person concerned. In considering whether the price paid for the security was reasonable and fair, the price of the security will be analyzed with respect to comparable transactions involving similar securities being purchased or sold during a comparable period of time.

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

**Margaret H. McFarland,**  
*Deputy Secretary.*

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**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Rel. No. IC 24691; File No. 812-12218]

### Mutual of America Investment Corporation, et al.

October 17, 2000.

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

**ACTION:** Notice of application for an order pursuant to Section 6(c) of the Investment Company Act of 1940 (the "1940 Act") granting exemptions from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) thereof and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder.

**APPLICANTS:** Mutual of America Investment Corporation (the "Investment Company") and Mutual of America Capital Management Corporation ("Capital Management").

**SUMMARY OF APPLICATION:** Applicants seek exemptive relief to the extent necessary to permit shares of the Investment Company and shares of any other investment company or portfolio that is designed to fund variable life insurance policies and/or variable annuity contracts (collectively, "Variable Contracts") and for which Capital Management or its affiliates may serve in the future as investment adviser, manager, principal underwriter, sponsor, or administrator ("Future Investment Companies") (collectively with the Investment Company, the "Investment Companies") to be sold to and held by (i) separate accounts funding Variable Contracts issued by both affiliated and unaffiliated life insurance companies and (ii) qualified pension and retirement plans ("Qualified Plans" or "Plans") outside the separate account context.

**FILING DATE:** The application was filed on August 11, 2000.

**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 Secretary of the Commission 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 November 7, 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 interests, the reason for the request, and the issues contested. Persons may request notification of a

hearing by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants, c/o Dolores J. Morrissey, President and Chief Executive Officer, Mutual of America Investment Corporation, 320 Park Avenue, New York, New York 10022; copy to J. Sumner Jones, Esq., Jones & Blouch L.L.P., 1025 Thomas Jefferson St., NW., Suite 410 East, Washington, DC 20007-0805.

**FOR FURTHER INFORMATION CONTACT:** Keith Carpenter, Branch Chief, or Rebecca A. Marquigny, Senior Counsel, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

**SUPPLEMENTARY INFORMATION:** The following is a summary of the Application. The complete Application is available for a fee from the SEC's Public Reference Branch, 450 Fifth St., NW., Washington, DC 20549 (tel. (202) 942-8090).

### Applicants' Representations

1. The Investment Company is a Maryland corporation that is registered under the 1940 Act as an open-end management investment company. It currently has nine investment portfolios (each a "Fund"): the Equity Index Fund, All America Fund, Mid-Cap Equity Index Fund, Aggressive Equity Fund, Composite Fund, Bond Fund, Mid-Term Bond Fund, Short-Term Bond Fund and Money Market Fund. Currently, the Investment Company sells shares of the Funds to the respective separate accounts of Mutual America Life Insurance Company ("Mutual of America") and The American Life Insurance Company of New York ("American Life"), an indirect wholly-owned subsidiary of Mutual of America, as investment vehicles for Variable Contracts issued by such companies. The Investment Company may offer additional investment portfolios in the future (each a "Future Fund") (the current Funds and the Future Funds are collectively referred to as the "Funds").

2. Capital Management is registered as an investment adviser under the Investment Advisers Act of 1940 and serves as the investment adviser to the Investment Company. Capital Management is an indirect wholly-owned subsidiary of Mutual of America.

3. Mutual of America has entered into an agreement to sell American Life to an unaffiliated third party. As of the date of such sale, American Life will no longer be an affiliate of Mutual of America and the Investment Company, and the provisions of Rules 6e-2 and