

1933 (the "Securities Act"). The overall management of each Fund, including the negotiation of investment advisory and other service contracts, rests with the members of the Board of Directors of the Fund, at least 40% of whom are not interested persons (as defined in section 2(a)(19) of the Act) of the Fund.

6. The CIFs are sponsored by Banks as investment vehicles for employee retirement plans. The CIFs are excluded from the definition of investment company under section 3(c)(11) of the Act, which excepts CIFs that consist solely of the assets of employee retirement plans qualified under section 401 of the Internal Revenue Code or similar governmental plans described in section 3(a)(2)(C) of the Securities Act (each, a "Plan"). Some of the assets in the CIFs may belong to Affiliated Plans.

7. In addition to sponsoring a CIF, a Bank or its affiliate also may serve as the Fund's investment adviser, and may receive investment advisory fees from the Fund. Banks frequently determine that Plan holders would be better served if sponsored CIFs were converted into Funds with substantially similar investment objectives so that Plan holders may enjoy the enhanced disclosure and other protections of the Securities Act and the Act. In addition, investment of Plan assets through the Funds allows the sponsors of, and participants in, the Plans to monitor more easily the performance of their investments daily (since information concerning the investment performance of the Funds generally will be available in daily newspapers of general circulation). Finally, by permitting more active marketing of investment services, conversion also may promote sales of Fund shares and thereby allow better diversification and risk spreading among all shareholders.

8. The procedures for transferring CIF assets to a Fund include a number of requirements to protect the interests of Plan holders. First, each Affiliated Plan will have an employee benefit review committee (the "Committee") or equivalent body that serves as a fiduciary for the Plan. In addition to the Bank, each unaffiliated Plan will have an independent or "second" fiduciary, independent of the Bank or its affiliates, that supervises the investment of that Plan's assets. This second fiduciary generally will be the unaffiliated Plan's named fiduciary, trustee, or sponsoring employer and will be subject to fiduciary responsibilities under the Employee Retirement Income Security Act of 1974 ("ERISA"). Under section 404(a) of ERISA, such fiduciaries must ensure that the investment of the Plans' assets is prudent and operates

exclusively for the benefit of participating employees of the particular corporation and its subsidiaries and of the participating employees' beneficiaries.

9. Before transferring a CIF's assets to a Fund, a Bank will be required to seek and obtain the approval of the Committee, the Plan's second fiduciary, or both, as the case may be. The Bank will provide the Committee and the second fiduciaries with a current prospectus for the relevant portfolio(s) of the Fund and a written statement given full disclosure of the fee structure and the terms of the Proposed Transfer. Such disclosure will explain why the Bank believes that the investment of Plan assets in the Fund is appropriate. The disclosure statement also will describe the limitations on the Bank, if any, regarding which Plan assets may be invested in shares of the Fund.

10. On the basis of such information, the Committee, the second fiduciary, or both, as the case may be, will decide whether to authorize the Bank to invest the relevant Plan's assets in the Fund and to receive fees from the Fund (subject to the Bank's agreement to waiver, credit, or rebate relevant fees). A Bank will not collect fees at both the Plan level and the Fund level for managing the same assets. Depending on the Plan, the Bank either will charge a fee only to the Fund or will rebate or credit its management fees at the Plan level.

11. Subject to obtaining the approvals discussed above and the order requested herein, SEI will assist a Bank, in SEI's capacity as administrator, to effect the acquisition of Fund shares by a Plan currently invested in a CIF. On the date of each transfer, the converting CIF will deliver to the corresponding Fund securities equal in value to the interest of each participating Plan, in exchange for Fund shares, using market values as of the time that the Fund calculates its net asset value at the close of business on that day. The Fund shares received by the CIF then will be distributed, *pro rata*, to all Plans who interests were converted as of that date. All securities transferred to a Fund will be securities for which market quotations are readily available, within the meaning of rule 17a-7(a) under the Act, and will be consistent with the investment objectives and fundamental policies of the corresponding Fund.

Applicants' Legal Analysis

1. Section 17(a) 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 to or

purchasing from such investment company any security or other property. Section 2(a)(3) of the Act, in relevant part, defines an "affiliated person" to include: (a) any person directly or indirectly owning, controlling, or holding with the power to vote, 5% or more of the outstanding voting securities of such other person; (b) any person directly or indirectly controlling, controlled by, or under common control with such other person; and (c) if such other person is an investment company, any investment adviser thereof.

2. Section 17(d) of the Act prohibits any affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from effecting any transaction in which such investment company is a joint, or joint and several, participant with such person in contravention of such rules and regulations as the SEC may prescribe. Rule 17d-1 under the Act provides that no joint transaction covered by the rule may be consummated unless the SEC issues an order upon application. In passing upon such applications, the SEC considers whether participation by a registered investment company is consistent with the provision, policies, and purposes of the Act, and is not on a basis less advantageous than that of other participants.

3. Because a Bank that sponsors a CIF may have legal title to the assets of the CIF and therefore may be viewed as acting as a principal in the Proposed Transfers, and because a CIF and a Fund may be viewed as being under the common control of the Bank within the meaning of section 2(a)(3)(C), the Proposed Transfers may violate section 17(a). For the same reasons, the Proposed Transfers might be deemed to be a joint enterprise or other joint arrangement within the meaning of section 17(d).

4. Section 17(b) of the Act provides that, notwithstanding section 17(a), any person may file an application for an order exempting a proposed transaction from 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, and that the proposed transaction is consistent with the policy of each registered investment company concerned and the general policies and purposes of the Act. Under section 6(c) of the Act, the SEC may exempt any person or transaction from any provision of the Act, or any rule thereunder, to the extent that such exemption is necessary or appropriate