

only in accordance with a three-party agreement (the "Agreement"). The Agreement would be entered into by (a) an Investment Company or custodian of the Securities of an Investment Company for which Ottoman Bank acts as a subcustodian, (b) Ottoman Bank, and (c) Garanti Bank. The Agreement would provide that Ottoman Bank would act as a custodian or subcustodian, and Garanti Bank would guarantee the Securities against loss while such Securities were in the custody of Ottoman Bank, except such loss resulting from political risk (e.g., exchange control restrictions, confiscation, expropriation, nationalization, insurrection, civil strife, or armed hostilities) and other risk of loss (excluding bankruptcy or insolvency of Ottoman Bank) for which neither Garanti Bank nor Ottoman Bank would be liable (e.g., despite the exercise of reasonable care, loss due to acts of God or nuclear incident).

#### Applicants' Legal Analysis

1. Section 17(f) of the Act requires every registered management investment company to place and maintain its securities and similar investments in the custody of certain enumerated entities, including a bank or banks meeting the requirements of section 26(a) of the Act, a member firm of a national securities exchange, the investment company itself, or a system for the central handling of securities established by a national securities exchange. Section 2(a)(5) of the Act defines "bank" to include banking institutions organized under the laws of the United States, member banks of the Federal Reserve System, and certain banking institutions or trust companies doing business under the laws of any state or of the United States. Ottoman Bank does not fall within the definition of "bank" as defined in the Act and, under section 17(f), may not act as custodian for registered investment companies.

2. Rule 17f-5 expands the group of entities that are permitted to serve as foreign custodians. Rule 17f-5 defines the term "Eligible Foreign Custodian" to include a banking institution or trust company incorporated or organized under the laws of a country other than the United States, that is regulated as such by that country's government or an agency thereof, and that has shareholders' equity in excess of U.S. \$200 million or its equivalent.

3. Garanti Bank qualifies as an eligible foreign custodian under rule 17f-5. Ottoman Bank satisfies the requirements of rule 17f-5 insofar as it is a banking institution organized under the laws of

Turkey and is regulated by agencies of the government of Turkey. Ottoman Bank, however, does not meet the minimum shareholders' equity requirement of the rule. Accordingly, Ottoman is not an eligible foreign custodian under the rule and, absent exemptive relief, could not serve as a custodian for the Securities of United States Investment Companies.

4. Section 6(c) provides, in relevant part, that the SEC, by order, may exempt any person from any provision of the Act or from any rule thereunder, if such exemption is necessary or appropriate in the public interest, consistent with the protection of investors and consistent with purposes fairly intended by the policy and provisions of the Act. Applicants believe that their request satisfies this standard.

#### Applicants' Conditions

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

1. The foreign custody arrangements with Ottoman Bank will comply with provisions of rule 17f-5 in all respects, except those relating to the minimum shareholders' equity requirements of eligible foreign custodians.

2. An Investment Company or a custodian for an Investment Company will deposit Securities with Ottoman Bank only in accordance with a three-party contractual agreement that will remain in effect at all times during which Ottoman Bank fails to meet the requirement of the rule 17f-5 relating to minimum shareholders' equity. Each agreement will be a three-party agreement among (a) Garanti Bank, (b) Ottoman Bank, and (c) the Investment Company or custodian of the Securities of the Investment Company. Under the agreement, Ottoman Bank will undertake to provide specified custodial or sub-custodial services. The agreement will further provide that Garanti Bank will be liable for any loss, damage, cost, expense, liability, or claim arising out of or in connection with the performance of Ottoman Bank of its responsibilities under the agreement to the same extent as if Garanti Bank had been required to provide custody services under such agreement.

3. Garanti Bank currently satisfies and will continue to satisfy the minimum shareholders' equity requirement set forth in rule 17f-5(c)(2)(i).

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

Margaret H. McFarland,

*Deputy Secretary.*

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#### **Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Pittway Corporation, Common Stock, \$1.00 Par Value; Class A Stock \$1.00 Par Value) File No. 1-4821**

October 31, 1996.

Pittway Corporation ("Company") has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated thereunder, to withdraw the above specified securities ("Securities") from listing and registration on the American Stock Exchange, Inc. ("Amex").

The reasons alleged in the application for withdrawing the Securities from listing and registration include the following:

According to the Company, it has complied with Rule 18 of the American Stock Exchange by filing with such Exchange a certified copy of preambles and resolutions adopted by the Company's Board of Directors authorizing the withdrawal of its securities from listing on the Amex and by setting forth in detail to such Exchange the reasons for such proposed withdrawal, and the facts in support thereof. In making the decision to withdraw the Securities from listing on the Amex, the Company considered the best interest of the Company.

Any interested person may, on or before November 22, 1996, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

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[Rel. No. IC-22308/812-10146]

**Strong Advantage Fund, Inc., et al.;  
Notice of Application**

October 31, 1996.

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

**ACTION:** Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** Strong Advantage Fund, Inc., Strong Asia Pacific Fund, Strong Asset Allocation Fund, Inc., Strong Common Stock Fund, Inc., Strong Conservative Equity Funds, Inc., Strong Corporate Bond Fund, Inc., Strong Discovery Fund, Inc., Strong Equity Funds, Inc., Strong Government Securities Fund, Inc., Strong Heritage Reserve Series, Inc., Strong High-Yield Municipal Bond Fund, Inc., Strong Income Funds, Inc., Strong Institutional Funds, Inc., Strong Insured Municipal Bond Fund, Inc., Strong International Bond Fund, Inc., Strong International Stock fund, Inc., Strong Money Market Fund, Inc., Strong Municipal Funds, Inc., Strong Municipal Bond Fund, Inc., Strong Opportunity Fund, Inc., Strong Short-Term Bond Fund, Inc., Strong Short-Term Global Bond Fund, Inc., Strong Short-Term Municipal Bond Fund, Inc., Strong Special Fund II, Inc., Strong Total Return Fund, Inc., Strong Variable Insurance Funds, Inc. (collectively, the "Funds"), Strong Capital Management, Inc. ("SCM"), and Strong Funds Distributors, Inc. (the "Distributor").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) of the Act for an exemption from section 12(d)(1), under sections 6(c) and 17(b) for an exemption from section 17(a), and under section 178(d) and rule 17d-1.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit certain investment companies to purchase shares of affiliated money market funds in excess of the limits prescribed in section 12(d)(1) for cash management purposes.

**FILING DATE:** The application was filed on May 14, 1996 and amended on August 14, 1996. Applicants have agreed to file an amendment, the substance of which is incorporated herein, 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 November 25, 1996, and should be accompanied by proof of service on applicant, 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, N.W., Washington, D.C. 20549. Applicants, One Hundred Heritage Reserve, Menomonee Falls, Wisconsin 53051.

**FOR FURTHER INFORMATION CONTACT:** Deepak T. Pai, Staff Attorney, at (202) 942-0574, or Alison E. Baur, 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.

**Applicants' Representations**

1. The Funds are open-end investment companies incorporated under the laws of Wisconsin and registered under the Act, and the shares of the Funds are registered under the Securities Act of 1933. The Funds are organized as series companies. Certain of the Funds are money market funds subject to the requirements of rule 2a-7 under the Act (together with any future money market funds, the "Money Market Funds"). The other Funds are non-money market funds (together with any future non-money market funds, the "Non-Money Market Funds"). The Funds include taxable and tax-exempt money market funds, growth funds, growth and income funds, taxable and tax-exempt bond funds, global funds, and international funds.

2. Strong Capital Management, Inc., an investment adviser registered under the Investment Advisers Act of 1940, acts as the investment manager for the majority of the Funds, provides each Fund with various administrative services, and acts as transfer and dividend paying agent for the Funds. Schafer Capital Management, Inc. ("Schafer") acts as investment adviser for Strong Schafer Value Fund. SCM

and Schafer are collectively referred to herein as the "Adviser." Strong Funds Distributors, Inc., a subsidiary of Strong Capital Management, Inc., is registered as a broker-dealer under the Securities Exchange Act of 1934 and acts as each Fund's principal underwriter. Applicants request relief on behalf of the investment companies and series thereof that are currently or in the future part of the same "group of investment companies," as defined under rule 11a-3 of the Act.

3. Each Non-Money Market Fund has, or may be expected to have, uninvested cash ("Uninvested Cash") held by its custodian bank. Such Uninvested Cash may result from a variety of sources, including dividends or interest received from portfolio securities, unsettled securities transactions, reserves held for investment strategy purposes, scheduled maturity of investments, liquidation of investment securities to meet anticipated redemptions and dividend payments, and new monies received from investors. Applicants request an order to permit the Non-Money Market Funds to use their Uninvested Cash to purchase shares of one or more of the Money Market Funds (these transactions are collectively referred to hereinafter as the "Proposed Transactions").

**Applicants' Legal Analysis**

**A. Section 12(d)(1)**

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 6(c) of the Act provides that the SEC may exempt persons or transactions from any provision of the Act if 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.