

SECURITIES AND EXCHANGE COMMISSION

[Extension: Rules 8b-1 to 8b-32; Rule 206(3)-2; SEC File No. 270-135; SEC File No. 270-216; OMB Control No. 3235-0176; OMB Control No. 3235-0243]

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension on the previously approved collections of information discussed below.

Rules 8b-1 to 8b-32 under the Investment Company Act of 1940 (the "Act") are the procedural rules an investment company must follow when preparing and filing a registration statement. These rules were adopted to standardize the mechanics of registration under the Act and to provide more specific guidance for persons registering under the Act than the information contained in the statute. For the most part, these procedural rules do not require the disclosure of information. Two of the rules, however, require limited disclosure of information.¹ The information required is necessary to ensure that investors have clear and complete information upon which to base an investment decision. The Commission uses the information that investment companies provide on registration statements in its regulatory, disclosure review, inspection and policy-making roles. The respondents to the collection of information are investment companies filing registration statements under the Act.

The Commission does not estimate separately the total annual reporting and recordkeeping burden associated with Rules 8b-1 to 8b-32 because the burden associated with these rules are included in the burden estimates the Commission submits for the investment company registration statement forms (e.g., Form N-1A, Form N-2, Form N-3, and Form

N-4). For example, a mutual fund that prepares a registration statement on Form N-1A must comply with the rules under section 8(b), including rules on riders, amendments, the form of the registration statement, and the number of copies to be submitted. Because the fund only incurs a burden from the section 8(b) rules when preparing a registration statement, it would be impractical to measure the compliance burden of these rules separately. The Commission believes that including the burden of the section 8(b) rules with the burden estimates for the investment company registration statement forms provides a more accurate and complete estimate of the total burdens associated with the registration process.

Investment companies seeking to register under the Act are required to provide the information specified in Rules 8b-1 to 8b-32 if applicable. Responses will not be kept confidential.

Rule 206(3)-2 permits investment advisers to comply with section 206(3) of the Investment Advisers Act of 1940 ("Advisers Act") by obtaining a blanket consent from a client to enter into agency cross transactions, provided that certain disclosures are made to the client. The information requirements of the rule consist of the following: (1) Prior to obtaining the client's consent, appropriate disclosure must be made to the client as to the practice of, and the conflicts of interest involved in, agency cross transactions; (2) at or before the completion of any such transaction, the client must be furnished with a written confirmation containing specified information and offering to furnish upon request certain additional information; and (3) at least annually, the client must be furnished with a written statement or summary as to the total number of transactions during the period covered by the consent and the total amount of commissions received by the adviser or its affiliated broker-dealer attributable to such transactions.

The Commission uses the information required by Rule 206(3)-2 in connection with its investment adviser inspection program to ensure that advisers are in compliance with the rule. Adviser clients also use the information to monitor agency cross transactions. Without the information collected under the rule, the Commission would be less efficient and effective in its inspection program and clients would not have information available for monitoring the adviser's handling of their accounts.

The Commission estimates that approximately 785 respondents utilize the rule annually, necessitating about 32 responses per respondent each year, for a total of 25,120 responses. Each

response requires about .5 hours, for a total of 12,560 hours.

These collections of information are found at 17 CFR 275.206(3)-2 and are necessary in order for the investment adviser to obtain the benefits of Rule 206(3)-2. Commission-registered investment advisers are required to maintain and preserve certain information required under Rule 206(3)-2 for five (5) years. The long-term retention of these records is necessary for the Commission's inspection program to ascertain compliance with the Advisers Act.

The estimated average burden hours are made solely for the purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Written comments regarding the above information should be directed to the following persons: (1) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503; and (2) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: April 9, 2001.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-9708 Filed 4-18-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24938; 812-12448]

STI Classic Funds and SunTrust Banks, Inc., Notice of Application

April 13, 2001.

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

ACTION: Notice of an 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 a series of a registered open-end management investment company to acquire all of

¹ Rule 8b-3 [17 CFR 270.8b-3] provides that whenever a registration form requires the title of securities to be stated, the registrant must indicate the type and general character of the securities to be issued. Rule 8b-22 [17 CFR 270.8b-22] provides that if the existence of control is open to reasonable doubt, the registrant may disclaim the existence of control, but it must state the material facts pertinent to the possible existence of control.

the assets and certain stated liabilities of another series of the same investment company. Because of certain affiliations, applicants may not rely on rule 17a-8 under the Act.

Applicants: STI Classic Funds ("STI Funds") and SunTrust Banks, Inc. ("SunTrust").

FILING DATES: The application was filed on February 21, 2001, and amended on April 11, 2001.

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 May 8, 2001, 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 Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609; Applicants, c/o W. John McGuire, Esq., Morgan, Lewis & Bockius LLP, 1800 M Street, NW., Washington, DC 20036-5869.

FOR FURTHER INFORMATION CONTACT: Lidian Pereira, Senior Counsel, at (202) 942-0524 or Mary Kay Frech, Branch Chief, at (202) 952-0564 (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 Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. STI Funds, a Massachusetts business trust, is registered under the act as an open-end management investment company. STI Funds offers 36 series, including the Capital Appreciation Fund (the "Acquiring Fund") and Core Equity Fund (the "Acquired Fund") (the Acquiring Fund and the Acquired Fund together, the "Funds").

2. SunTrust, a Georgia corporation, is a bank holding company and parent of Trusco Capital Management Inc. ("Trusco"). Trusco is registered under the Investment Advisers Act of 1940 (the "Advisers Act") and serves as the

investment adviser to the Funds. Currently, bank subsidiaries of SunTrust own in the aggregate, in a fiduciary capacity, 25% or more of the outstanding voting securities of each Fund.

3. On February 20, 2001, the board of trustees of STI Funds, (the "Board"), including all of the trustees who are not "interested persons" (as defined in section 2(a)(19) of the Act) ("Independent Trustees"), approved a plan of reorganization between the Acquiring Fund and the Acquired Fund (the "Plan"). Under the Plan, on the date of exchange ("Closing Date"), which is currently anticipated to be on or about May 21, 2001, the Acquiring Fund will acquire all the assets and certain stated liabilities of the Acquired Fund in exchange for shares of the Acquiring Fund (the "Reorganization"). The shares of the Acquiring Fund exchanged will have an aggregate net asset value equal to the aggregate net asset value of the Acquired Fund's shares determined as of the close of business on the business day immediately before the Closing Date. The net asset values of the Funds will be determined in the manner set forth in each of the Funds' current prospectuses and statements of additional information. As soon as is reasonably practicable after the Closing Date, the Acquired Fund will distribute *pro rata* the shares of the Acquiring Fund to its shareholders and terminate.

4. Applicants state that the investment objectives, policies and restrictions of the Acquired Fund are substantially similar to that of the Acquiring Fund. Both the Acquired Fund and the Acquiring Fund offer Trust Shares and Flex Shares.¹ Trust Shares are not subject to a front-end sales load, a contingent deferred sales charge ("CDSC") or a rule 12b-1 distribution fee. Flex Shares are not subject to a front-end sales load, but are subject to a CDSC and a rule 12b-1 distribution fee. Shareholders of Trust or Flex Shares of the Acquired Fund will receive corresponding shares of the Acquiring Fund. The one year holding period used to determine whether a CDSC will apply to a holder of Flex Shares of the Acquiring Fund who becomes a shareholder as a result of the Reorganization will include any period of time that the shareholder held shares of the Acquired Fund. No sales charge will be imposed in connection with the Reorganization. Any expenses incurred

¹ The Acquiring Fund also offers Investor Shares, but these shares are not involved in the Reorganization.

in connection with the Reorganization will be borne by Trusco.

5. The Board, including all of the Independent Trustees, determined that the Reorganization is in the best interests of the shareholders of each Fund, and that the interests of existing shareholders of each Fund will not be diluted as a result of the Reorganization. In assessing the Reorganization, the Board considered a number of factors, including: (a) The terms and conditions of the Reorganization; (b) the tax-free nature of the Reorganization; (c) the compatibility of the investment objectives, policies and limitations of the Acquired Fund and the Acquiring Fund; (d) the expense ratios of the Acquired Fund and the Acquiring Fund; and (e) the potential economies of scale to be gained from the Reorganization.

6. The consummation of the Reorganization is subject to a number of conditions precedent, including: (a) The approval of the Reorganization by the shareholders of the Acquired Fund; (b) STI Funds' receipt of an opinion of counsel that the Reorganization will be tax-free for STI Funds and its shareholders; and (c) the applicants' receipt from the Commission of an exemption from section 17(a) of the Act for the Reorganization. The Plan may be terminated and the Reorganization abandoned at any time prior to the Closing Date by the Board or any authorized officer of the STI Funds if it is determined that circumstances have changed to make the Reorganization inadvisable. Applicants agree not to make any material changes to the Plan without prior Commission approval.

7. Definitive proxy materials have been filed with the Commission and are scheduled to be mailed to shareholders on or about April 19, 2001. A special meeting of shareholders of the Acquired Fund is scheduled for May 18, 2001.

Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an "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 or the other person; (b) any person 5% or more of whose securities are directly or indirectly owned, controlled, or held with power to vote by the other person; (c) any person directly or indirectly controlling, controlled by or under common control

with the other person, and (d) if the other person is an investment company, any investment adviser of that company. Applicants state that the Funds may be deemed affiliated persons and, thus, the Reorganization may be prohibited by section 17(a).

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) of the Act mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied. Applicants believe that rule 18a-8 may not be available in connection with the Reorganization because the Funds may be deemed to be affiliated for reasons other than those set forth in the rule. Applicants state that subsidiary banks of SunTrust own in the aggregate, as a fiduciary, 25% or more of the outstanding voting securities of each Fund; therefore, SunTrust may be deemed to be an affiliated person of the Funds, resulting in the Acquired Fund being an affiliated person of an affiliated person of the Acquiring Fund. Applicants also state that the Funds, by virtue of the above ownership, may be deemed to be under common control and therefore affiliated persons of each other.

3. Section 17(b) of the Act provides, in relevant part, that the Commission may exempt a transaction from the provisions of section 17(a) if the 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 with the general purposes of the Act.

4. Applicants request an order under section 17(b) of the Act exempting them from section 17(a) of the Act to the extent necessary to complete the Reorganization. Applicants submit that the Reorganization satisfies the standards of section 17(b) of the Act. Applicants state that the terms of the proposed Reorganization are fair and reasonable and do not involve overreaching. Applicants state that the investment objectives and policies of the Acquired Fund are substantially similar to those of the Acquiring Fund. Applicants also state that the Board, including all of the Independent Trustees, has made the requisite determinations that the participation of

the Acquired and Acquiring Funds in the Reorganization is in the best interests of each Fund and that such participation will not dilute the interests of the existing shareholders of each Fund. In addition, Applicants state that the Reorganization will be on the basis of relative net asset value.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 01-9710 Filed 4-18-01; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34029]

Archer-Daniels-Midland Company—Control Exemption—BQ Railroad Company and Iowa Interstate Railroad, Ltd.

Archer-Daniels-Midland Company (ADM), a noncarrier, has filed a notice of exemption to indirectly control two carriers, BQ Railroad Company (BQRR), a Class III railroad, and Iowa Interstate Railroad, Ltd. (IAIS), a Class II railroad.¹

The transaction was scheduled to be consummated on or shortly after April 6, 2001, the effective date of the exemption (7 days after the exemption was filed).

This transaction is related to STB Finance Docket No. 34028, *BQ Railroad Company—Acquisition and Operation Exemption—Certain Lines of The Burlington Northern and Santa Fe Railway Company*, wherein BQRR is seeking an exemption to acquire and operate approximately 1.64 miles of rail line at Rogers, in Barnes County, ND, purchased by its parent company B-Q from The Burlington Northern and Santa Fe Railway Company.

ADM states that: (i) These railroads do not connect with each other; (ii) the acquisition of control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family; and (iii) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

¹ ADM owns 60.6% of the common stock of Heartland Railroad Corporation, a noncarrier holding company, which in turn owns 80.1% of the common stock of IAIS, which operates in the States of Iowa and Illinois. ADM also indirectly controls Benson-Quinn Company (B-Q), which in turn controls BQRR.

To ensure that all employees who may be affected by the transaction are provided protection as required by 49 U.S.C. 10502(g) and 11326(b), the labor protective conditions proposed by the applicants will be imposed as follows:

... a fair arrangement at least as protective of the interests of employees who are affected by the transaction as the terms imposed under section 5(2)(f) of the Interstate Commerce Act before February 5, 1976, and the terms established under Section 24706(c) of Title 49, United States Code, except that such arrangement shall be limited to one year of severance pay, which shall not exceed the amount of earnings from the rail employment of that employee during the 12-month period immediately preceding the date of this application. The amount of such severance pay shall be reduced by the amount of earnings from railroad employment of that employee with the acquiring carrier during the 12-month period immediately following the effective date of the transaction.

If the verified notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34029, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, NW., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Andrew P. Goldstein, McCarthy, Sweeney & Harkaway, P.C., Suite 600, 2175 K Street, NW., Washington, DC 20037.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: April 12, 2001.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams,

Secretary.

[FR Doc. 01-9588 Filed 4-18-01; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34028]

BQ Railroad Company—Acquisition and Operation Exemption—Certain Lines of The Burlington Northern and Santa Fe Railway Company

BQ Railroad Company (BQRR), a noncarrier,¹ has filed a notice of

¹ BQRR is a wholly owned subsidiary of Benson-Quinn Company (B-Q). B-Q has entered into an agreement with BNSF to purchase BNSF's interests