

UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940  
Release No. 21475 / October 18, 1995

In the Matter of

T. ROWE PRICE SPECTRUM FUND, INC., ET AL.  
100 East Pratt Street  
Baltimore, MD 21202

(812-9266)

ORDER UNDER SECTION 6(c) OF THE INVESTMENT COMPANY ACT OF 1940  
GRANTING AN EXEMPTION FROM SECTION 12(d)(1)(A) AND (B); UNDER  
SECTIONS 6(c) AND 17(b) EXEMPTING APPLICANTS FROM SECTION 17(a);  
AND PURSUANT TO RULE 17d-1 THEREUNDER TO PERMIT CERTAIN JOINT  
TRANSACTIONS OTHERWISE PROHIBITED BY SECTION 17(d) AND RULE 17d-1

T. Rowe Price Growth Stock Fund, Inc., T. Rowe Price New Horizons Fund, Inc., T. Rowe Price New Era Fund, Inc., T. Rowe Price New Income Fund, Inc., T. Rowe Price Prime Reserve Fund, Inc., T. Rowe Price Growth & Income Fund, Inc., T. Rowe Price Short-Term Bond Fund, Inc., T. Rowe Price High Yield Fund, Inc., T. Rowe Price Equity Income Fund, T. Rowe Price GNMA Fund, T. Rowe Price International Funds, Inc., and each open-end management investment company (1) that in the future becomes advised by T. Rowe Price Associates, Inc. and/or Rowe Price-Fleming International, Inc. and distributed by T. Rowe Price Investment Services, Inc., and (2) that holds itself out to investors as a related fund for purposes of investment and investor services; T. Rowe Price Spectrum Fund, Inc. (the "Spectrum Fund"); T. Rowe Price Associates, Inc.; Rowe Price-Fleming International, Inc.; T. Rowe Price Investment Services, Inc.; and T. Rowe Price Services, Inc. filed an application on September 29, 1994, and amendments thereto on April 28, 1995, August 16, 1995, and August 23, 1995, requesting an order under section 6(c) of the Act granting an exemption from section 12(d)(1)(A) and (B) of the Act, under sections 6(c) and 17(b) of the Act exempting applicants from section 17(a) of the Act, and pursuant to rule 17d-1 thereunder to permit certain joint transactions otherwise prohibited by section 17(d) of the Act and rule 17d-1. The order supersedes two prior orders which permitted the Spectrum Fund to operate as a "fund of funds." <sup>1/</sup> The prior orders imposed a

<sup>1/</sup> T. Rowe Price Spectrum Fund Inc., et al., Investment Company Act Release Nos. 17198 (Oct. 31, 1989) (notice) and 17242 (Nov. 29, 1989) (order), as amended by Investment Company Act Release (continued...)

number of restrictions that limited the manner in which the Spectrum Fund could operate. The current order permits the Spectrum Fund to continue operating as a fund of funds while eliminating many of the restrictions contained in the prior orders.

On September 22, 1995, a notice of the filing of the application was issued (Investment Company Act Release No. 21371). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, that granting the requested exemption is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

It is further found that the terms of the proposed transaction are reasonable and fair and do not involve overreaching; that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act; and that the participation of the investment companies is not on a basis different from or less advantageous than that of the other participants.

IT IS ORDERED, that the application for an exemption under section 6(c) from section 12(d)(1)(A) and (B), under sections 6(c) and 17(b) exempting applicants from section 17(a), and pursuant to rule 17d-1 to permit certain joint transactions otherwise prohibited by section 17(d) and rule 17d-1 is hereby granted, effective forthwith.

By the Commission.

Jonathan G. Katz  
Secretary

---

1/ (...continued)

Nos. 18816 (June 29, 1992) (notice) and 18865 (July 24, 1992) (order).