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February 7, 2002

Public Avail. Date: 2/12/02 0211200245

Nadya B. Roytblat, Esq.  
 Office of Investment Company Regulation  
 Division of Investment Management  
 Securities and Exchange Commission  
 450 Fifth Street, N.W.  
 Washington, D.C. 20549-0506

Act	Section	Rule
1940C	12(d)(1)	—
1940C	17(a)(1)	—
1940C	17(a)(3)	—
1940C	17(d)	17d-1
1940C	18(f)	—
1940C	21(b)	—

Re: **INVESCO Bond Funds, Inc., et al. -- Exemptive Order, dated  
 December 21, 1999 (File No. 812-11402; Release No. IC-24212)**

Dear Ms. Roytblat:

On behalf of our clients, A I M Advisors, Inc. ("AIM Advisors"), and any entity controlled by AIM Advisors or under common control by A I M Management Group, Inc. with A I M Advisors, Inc. (collectively, "AIM"),<sup>1</sup> the existing open-end and closed-end registered management investment companies advised by AIM and all existing and future registered management investment companies for which AIM acts or may act in the future as an investment adviser (collectively the "Investment Companies"), and all existing and future series of each of the Investment Companies (collectively, the "AIM Funds"; and together with AIM and the Investment Companies, the "AIM Parties"), we respectfully request assurance from the staff of the Division of Investment Management (the "Staff") of the Securities and Exchange Commission (the "Commission") that they will not recommend enforcement action to the Commission if the AIM Parties establish and participate in an interfund lending and borrowing facility in reliance on: an exemptive order received by certain registered management investment companies and investment advisers affiliated with INVESCO Funds Group, Inc. (collectively, the "Original Parties") exempting the Original Parties under section 6(c) of the Act from sections 18(f) and 21(b) of the Act, under section 12(d)(1)(J) of the Act from

<sup>1</sup> To avoid circularity with INVESCO Funds Group, Inc., the definition of AIM is limited so it will not include INVESCO Funds Group, Inc. and entities controlled by INVESCO Funds Group, Inc.

section 12(d)(1) of the Act, under sections 6(c) and 17(b) of the Act from sections 17(a)(1) and 17(a)(3) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act (the "Existing Order")<sup>2</sup> to permit participation in a joint lending and borrowing facility and to participate in the interfund lending program (the "Interfund Lending Program").

### Background

The Existing Order covers:

- INVESCO Funds Group, Inc. ("IFG"),
- any entity controlling, controlled by, or under common control with IFG,
- the named registered investment companies, and
- any other registered open-end investment company advised by IFG or any entity controlling, controlled by, or under common control with IFG (together with IFG, such entities are defined in the Existing Order as "INVESCO").

IFG and AIM Advisors are both indirect wholly owned subsidiaries of AMVESCAP PLC, and therefore may be deemed to be under common control.

We have determined, however, that we should seek no action assurance from the Staff with respect to our interpretation of the Existing Order and the INVESCO Application. Specifically, we believe that references throughout the Existing Order and the INVESCO Application to "INVESCO" should be read by the AIM Parties to mean "AIM" when the Existing Order is applied to the AIM Parties. We take this position because, notwithstanding their common parent, IFG and AIM Advisors operate independently of each other. Moreover, the AIM Funds operate independently of the INVESCO funds, with separate portfolio managers, money market funds and money market fund professionals. Finally, the boards of directors/trustees of each fund complex are totally different.

In addition, we have determined that we should seek no-action assurance from the Staff that the Existing Order should extend to AIM Floating Rate Fund, a closed-end investment company. The Existing Order applied to a named closed-end fund, INVESCO Global Health Sciences Fund, and contemplates additional open-end investment companies, but does not contemplate additional closed-end funds. AIM Floating Rate Fund, and any registered closed-end investment company to which the requested no-action assurance would extend, would participate in the interfund lending and borrowing facility only as a lender.

<sup>2</sup> See Release No. IC-24212, 71 S.E.C. Docket 849 (December 21, 1999). A copy of the Existing Order and notice are attached to this letter for convenience of the Staff.

Legal Analysis

This request for no-action assurance relates solely to the interpretation of the Existing Order. We are not asking the Staff to make any substantive changes to the terms and conditions of the Existing Order or the INVESCO Application.

In support of reliance by AIM Floating Rate Fund on the Existing Order, the Staff has on several occasions explicitly provided no-action assurance permitting a new entity to step into the shoes of an affiliate that previously had been granted exemptive relief.<sup>3</sup>

In complying with the Existing Order, the AIM Parties believe that it is appropriate for them to look to interest rates applicable to the AIM Funds. As a result, they intend to interpret the definitions set forth below as follows when the Existing Order applies to the AIM Parties:

1. Wherever a reference to INVESCO as investment adviser is set forth, it shall be read to mean AIM.
2. The "Repo Rate" shall be defined to be the highest rate available from investments in overnight repurchase agreements to the Liquid Assets Portfolio, a series of Short-Term Investments Co., or another taxable money market fund registered under the Act and advised by AIM having the greatest amount of assets (the "Money Market Fund").
3. The Bank Loan Rate would be calculated by AIM on each day an interfund loan is made according to a formula adopted by the boards of directors/trustees of the AIM Funds intended to approximate the lowest interest rate at which bank short term loans would be available to the AIM Funds.

AIM and the AIM Funds would operate the Interfund Lending Program in accordance with the conditions set forth in the INVESCO Application and the Existing Order.

Conclusion

We believe that allowing the AIM Parties to rely on the Existing Order is consistent with the provisions, policies and purposes of the Act. We therefore seek assurance that the Staff will not recommend enforcement action against the AIM Parties if they rely on the Existing Order as described herein.

<sup>3</sup> See, e.g., The Great-West Life Assurance Company, *et al.*, SEC No-Action Letter (Sept. 30, 1996); Goldman Sachs Group of Funds, SEC No-Action Letter (Nov. 22, 1991); American Capital Funds, SEC No-Action Letter (Aug. 26, 1991); Keystone America Fund Group, SEC No-Action Letter (May 10, 1991); Federated Investors, Incorporated, SEC No-Action Letter (Sept. 22, 1989).

Nadya B. Roytblat, Esq.  
Securities and Exchange Commission  
February 7, 2002  
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Please call me at (215) 864-8611 if you have any questions concerning the matters described above.

Sincerely,



E. Carolan Berkley

ECB/adk  
Attachments

cc: Carol Relihan, Esq.  
Susan Penry-Williams, Esq.  
DeePak Pai, Esq.

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ACT Investment Company Act  
SECTION 6(c) 12(d) 17d  
RULE 17d-1  
PUBLIC AVAILABILITY 2/12/02

RESPONSE OF THE OFFICE OF  
INVESTMENT COMPANY REGULATION  
DIVISION OF INVESTMENT MANAGEMENT

Our Ref. No. 02-1-ICR  
AIM Advisor Funds, Inc., *et al.*

Your letter of February 7, 2002, requests our assurance that we would not recommend that the Commission take any enforcement action under the Investment Company Act of 1940 ("Act") if AIM Advisors, Inc. ("AIM Advisors") and any entity controlled by AIM Advisors or under common control by AIM Management Group, Inc. with AIM Advisors, Inc. (collectively, "AIM"), the existing open-end and closed-end registered management investment companies advised by AIM and all existing and future registered management investment companies for which AIM acts or may act in the future as investment adviser (collectively, the "Investment Companies," and together with AIM, the "AIM Parties"), rely on an exemptive order (the "Existing Order")<sup>1</sup> received by certain registered management investment companies and investment advisers affiliated with INVESCO Funds Group, Inc. (collectively, the "Original Parties") permitting participation in an interfund lending program ("Interfund Lending Program").

The Existing Order extends to INVESCO Funds Group, Inc. ("IFG") and any entity controlling, controlled by, or under common control with IFG, the named closed-end and open-end registered investment companies, and any other registered open-end investment company advised by IFG or any entity controlling, controlled by, or under common control with IFG. You state that IFG and AIM Advisors are both indirect wholly owned subsidiaries of AMVESCAP P/C, and therefore may be deemed to be under common control.

You seek no action assurance that the AIM Parties may rely on the Existing Order to implement an Interfund Lending Program among the Investment Companies, subject to the terms and conditions of the Existing Order. In addition, you seek no action assurance concerning participation in the Interfund Lending Program by AIM Floating Rate Fund, a registered closed-end investment company, and any other Investment Company that is a closed-end investment company ("Closed-end Investment Companies"). You state that any Closed-end Investment Company would participate in the Interfund Lending Program only as a lender.

Based on the facts and representations made in your letter, we would not recommend enforcement action to the Commission if the AIM Parties rely on the

<sup>1</sup> Invesco Bond Funds, Inc., Investment Company Act Release Nos. 24176 (November 24, 1999) (notice) and 24212 (December 21, 1999) (order).

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Existing Order. This response expresses the Division's position on enforcement action only, and does not purport to express any legal conclusions on the questions presented. Facts or representations different from those presented in your letter might require a different conclusion.

*Deepak T. Pai*

Deepak T. Pai  
Senior Counsel  
Office of Investment Company Regulation  
February 12, 2002