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SECTION 203(a)
RULE _____
PUBLIC _____
AVAILABILITY JUL 1 1997

Our Ref. No. 97-39-CC
ABN AMRO Bank N.V.;
ABN AMRO Asset Management
(USA) Inc.;
ABN AMRO Asset Management
(Far East) Limited
File No. 132-3

RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF INVESTMENT MANAGEMENT

Your letter dated March 7, 1997 requests our assurance that we will not recommend enforcement action to the Commission if neither ABN AMRO Bank N.V. ("ABN AMRO Bank"), nor certain of its affiliates, register under the Investment Advisers Act of 1940 (the "Advisers Act"), if they share certain personnel with, and provide certain services to, ABN AMRO Asset Management (USA) Inc. ("AAAM"), a registered investment adviser. In addition, you seek our assurance that we will not recommend enforcement action to the Commission if ABN AMRO Bank or its unregistered affiliates provide investment advisory services to their clients who are not residents of the United States solely in accordance with the laws of The Netherlands (or other applicable foreign law) without also complying with the provisions of the Advisers Act, except as provided in your letter.

Background

You state that ABN AMRO Bank is a "universal bank" incorporated under the laws of The Netherlands. As a universal bank, it is engaged in both the securities and commercial banking businesses, providing a wide variety of financial services directly and through its subsidiaries. ABN AMRO Bank operates in the United States through its branches and agencies, and through several subsidiaries, including AAAM.¹ AAAM commenced operations in 1994 for the purpose of providing portfolio management and investment supervisory services to U.S. institutional and individual clients, including clients of ABN AMRO Bank and its affiliates.

You state that ABN AMRO Asset Management (Far East) Limited ("Far East")² is an investment adviser organized under the laws of Hong Kong. Far East provides investment management services to non-U.S. investors with respect to investments in the Far East, and also serves as sub-adviser to mutual funds registered under the laws of The Netherlands, which are not offered to U.S. persons.

¹ ABN AMRO Bank Holding N.V., which is incorporated under the laws of The Netherlands, owns in excess of 99% of the outstanding voting securities of ABN AMRO Bank. ABN AMRO Bank wholly owns ABN AMRO North America, Inc. ("AANA"), which in turn wholly owns AAAM.

² Far East is an indirect, wholly owned subsidiary of ABN AMRO Bank.

You state that LaSalle Street Capital Management, Ltd. ("LSCM"),³ is registered as an investment adviser under the Advisers Act. LSCM provides investment management services to U.S. and non-U.S. clients, and serves as investment adviser to the Rembrandt Funds, a U.S. registered investment company.

Proposal

In addition to using its own employees, AAAM proposes to utilize the services of certain personnel ("Shared Personnel") of ABN AMRO Bank, Far East, LSCM or a Participating Affiliate. "Participating Affiliate" is defined in your letter to include any unregistered (and otherwise non-U.S. regulated) affiliate of AAAM, except ABN AMRO Bank, that provides advice to the U.S. clients of AAAM,⁴ through or on behalf of AAAM, or has access to any information concerning securities recommendations for AAAM's clients prior to the effective dissemination of such recommendations. Shared Personnel may provide portfolio management and other, non-investment advisory services to U.S. clients of AAAM, as well as to other affiliates of ABN AMRO Bank. Shared Personnel will be primarily employed by, and under the supervision of ABN AMRO Bank, Far East, LSCM or a Participating Affiliate, and will have their primary place of work in the offices of one of these entities.

You represent that those Shared Personnel who provide advisory services to clients of AAAM will be treated as "associated persons" of AAAM.⁵ You state that responsibility for the management of specific portions of a client's portfolio will be assigned to a portfolio manager employed by AAAM, or to a portfolio manager primarily employed by one of its affiliates, based upon the client's wishes and needs and the relative expertise among the portfolio managers. You represent that AAAM will enter into appropriate arrangements with ABN AMRO Bank, Far East, LSCM and any other Participating Affiliate to assure compliance with the representations set forth in your letter.

³ LSCM is wholly owned by AANA.

⁴ The staff looks to the definition of U.S. person in paragraph 902(o) of Regulation S under the Securities Act of 1933 for guidance in interpreting the meaning of U.S. client in this response. Cf. Goodwin, Procter & Hoar (pub. avail. Feb. 28, 1997) (looking to paragraph 902(o) of Regulation S for guidance in interpreting the meaning of U.S. person for purposes of the Investment Company Act of 1940).

⁵ Section 202(a)(17) of the Advisers Act defines "person associated with an investment adviser" as "any partner, officer, or director of such investment adviser (or any person performing similar functions), or any person directly or indirectly controlling or controlled by such investment adviser, including any employee of such investment adviser," except persons associated with an investment adviser whose functions are clerical or ministerial.

You state that advisory personnel of AAAM and the Participating Affiliates may rely in part on research provided by brokerage research units of ABN AMRO Bank and its affiliates ("Brokerage Research Units").⁶ You represent that the operations of Brokerage Research Units are completely distinct from the research operations of the advisory personnel, and that Brokerage Research Units will not have access to any information concerning the portfolios of AAAM's U.S. clients, or the securities recommended to, or purchased or sold for, the accounts of AAAM's U.S. clients.

You represent that there will be a "Chinese Wall" between the Brokerage Research Units and the Shared Personnel and other AAAM personnel. You state that in those geographic locations where both Brokerage Research Units and Shared Personnel or AAAM personnel will have offices, they will be physically separated. The Brokerage Research Units will not have access to AAAM's files, and the Brokerage Research Units will not have knowledge of the portfolios of AAAM's clients or information concerning AAAM's investment decisions and recommendations. In addition, the Shared Personnel and other AAAM personnel will not be provided access to the files of the Brokerage Research Units' analysts and other employees. The Brokerage Research Units will not prepare research reports or other information specifically for use by or on behalf of U.S. clients of AAAM. You state that any contact between the Brokerage Research Units and the Shared Personnel and AAAM personnel will be exclusively on an arm's-length basis comparable to the terms on which the Shared Personnel and AAAM have contact with unaffiliated entities that provide research. You state that Brokerage Research Units will not be considered to be Participating Affiliates, and their employees will not be treated as "associated persons" of AAAM solely because they provide research to AAAM in the manner described in your letter.⁷

AAAM proposes to make arrangements with ABN AMRO Bank and its affiliates (including ABN AMRO Chicago Corporation ("Chicago"), a U.S. registered investment adviser and broker-dealer),⁸ through which such entities may act as custodians for client accounts, and provide data processing, related recordkeeping and other administrative services. All reports prepared for AAAM clients will be reviewed by AAAM or Shared

⁶ The research will consist of statistical and factual information regarding currencies, industries, and companies, advice regarding economic trends, and recommendations on specific companies and securities. You represent that this research is only part of the information that AAAM will use in making investment decisions and recommendations. You state that sources of AAAM's information will include (1) research provided by advisory personnel, and (2) secondary research and analytical information received directly from brokers and other financial or other economic institutions not affiliated with AAAM.

⁷ We do not express any view with regard to whether a Brokerage Research Unit would be required to register separately under the Advisers Act.

⁸ Chicago is an indirect, wholly owned subsidiary of ABN AMRO Bank.

Personnel acting on its behalf, and will be transmitted by AAAM on AAAM's letterhead. Certain employees of ABN AMRO Bank will be responsible for maintaining, or will have access to, records of AAAM. You represent that these employees will be treated as "advisory representatives" of AAAM.⁹ You also represent that any written agreement between AAAM and ABN AMRO Bank or its affiliates will provide that any records maintained on behalf of AAAM will be maintained in accordance with the requirements of Rule 204-2 under the Advisers Act, that such records are the exclusive property of AAAM, and the staff of the Commission will be entitled to have access to such records.

AAAM also proposes to execute and clear securities transactions through ABN AMRO Bank and other broker-dealer affiliates. You represent that all such transactions will be executed on an "arm's-length" basis. Subject to applicable U.S. laws, trades for AAAM's clients may be combined with trades on behalf of other clients of ABN AMRO Bank and its affiliates. You represent that ABN AMRO Bank employees, and employees of affiliates of ABN AMRO Bank who place trades on behalf of AAAM's clients will be treated as "associated persons" of AAAM.¹⁰

Analysis

Section 203(a) of the Advisers Act requires the registration of any investment adviser that uses the U.S. mails or any means or instrumentalities of interstate commerce in connection with its business as an investment adviser, unless the adviser is exempt from registration under Section 203(b) or excluded from registration with the Commission pursuant

⁹ Rule 204-2(a)(12)(A) under the Advisers Act defines "advisory representative" as any partner, officer or director of an investment adviser; any employee who makes any recommendation, who participates in the determination of which recommendation shall be made, or whose functions or duties relate to the determination of which recommendation shall be made; any employee who, in connection with his duties, obtains any information concerning which securities are being recommended prior to the effective dissemination of such recommendations or of the information concerning such recommendations; and any of the following persons who obtain information concerning securities recommendations being made by such investment adviser prior to the effective dissemination of such recommendations or of the information concerning such recommendations: (1) any person in a control relationship to the investment adviser, (2) any affiliated person of such controlling person and (3) any affiliated person of such affiliated person.

¹⁰ You have not asked for, and we do not express, any view with regard to arrangements contemplated by AAAM and its affiliates for custody or the execution of securities transactions. Nor do we express any view with regard to arrangements contemplated for the combination of trades on behalf of clients of AAAM and clients of ABN AMRO Bank and its affiliates.

to Section 203A of the Advisers Act.¹¹

The staff has stated that it will not recommend enforcement action to the Commission if a foreign investment advisory affiliate of a registered investment adviser does not register under the Advisers Act if: (1) the registered and unregistered entities are separately organized (*i.e.*, two distinct entities); (2) the registered adviser is staffed with personnel (whether located in the United States or abroad) who are capable of providing investment advice; (3) all persons who provide advice to U.S. clients or have access to any information concerning securities to be recommended to U.S. clients prior to the effective dissemination of the recommendations are deemed to be "associated persons"¹² of the registrant; and (4) the Commission has access to trading and other records of the affiliate involved in, or having access to, U.S. advisory activities, and to the affiliate's personnel, to the extent necessary to monitor and police conduct that may harm U.S. clients or markets.¹³

In your letter, you make a series of representations designed to address the concerns of the staff. These representations, which are restated below, are substantially similar to representations made to the staff in prior requests for relief.¹⁴ You state that under Dutch law, however, ABN AMRO Bank is unable to make certain of the representations that were made in previous letters with respect to: (1) providing the Commission staff with access to

¹¹ Section 203A of the Advisers Act, which will be effective July 8, 1997, provides that no investment adviser that is regulated or required to be regulated in the state in which it maintains its principal office and place of business shall register with the Commission, unless the adviser has assets under management of not less than \$25 million (or such higher amount as the Commission by rule deems appropriate), or is an adviser to an investment company registered under the Investment Company Act of 1940. You represent that the affiliates of ABN AMRO Bank identified in your letter as U.S. registered investment advisers will continue to be registered with the Commission after the effective date of Section 203A, provided that such advisers continue to fall within the definition of "investment adviser" under Section 202(a)(11) of the Advisers Act. Telephone conversation between Brendan C. Fox and Edward G. Eisert, May 7, 1997.

¹² See Section 202(a)(17) of the Advisers Act. A registered investment adviser may be subject to sanctions by the Commission for failing reasonably to supervise the activities of its associated persons who are subject to its supervision and who commit violations of the federal securities laws. See, *e.g.*, Sections 203(e)(5) and 204A of the Advisers Act.

¹³ Murray Johnstone Holdings Limited (pub. avail. Oct. 7, 1994).

¹⁴ *Id.* See also Kleinwort Benson Investment Management Limited (pub. avail. Dec. 15, 1993); Mercury Asset Management plc (pub. avail. Apr. 16, 1993); The National Mutual Group (pub. avail. Mar. 8, 1993); and Uniao de Bancos de Brasilerios S.A. (pub. avail. July 28, 1992).

staff trading records of the type required by Rule 204-2(a)(12) ("Staff Trading Records")¹⁵ for its advisory representatives with respect to U.S. clients and for all persons deemed to be "associated persons" by AAAM; and (2) the availability of personnel for questioning by the staff.

More specifically, you state that under Dutch law,¹⁶ the keeper of a "database" which contains information on individuals, such as employees of ABN AMRO Bank, is prohibited from releasing personal data contained in the database to third parties except in certain limited circumstances, none of which would include a Commission investigation or inspection.¹⁷ In addition, you state that under Dutch law, an employer cannot require an employee to cooperate with a Commission investigation if it would require the employee to appear in the United States. You note that an employee's failure to comply with the reasonable instructions of his employer could lead to that employee's termination, but that ABN AMRO Bank cannot force its employees to appear before the Commission in The Netherlands or the United States. Because of this restriction, you believe ABN AMRO Bank is unable to represent that it will make its employees available for testimony or other questioning by the Commission at such place as the Commission may designate in the United States.

You state that to address the concerns of the staff in a manner that is consistent with Dutch law, ABN AMRO Bank represents that it will: (1) make a good faith effort to obtain from all of ABN AMRO Bank's "advisory representatives" with respect to U.S. clients of AAAM and all persons deemed to be "associated persons" by AAAM ("Covered Persons"), a written authorization to provide Staff Trading Records to the Commission; (2) with respect to Covered Persons for which an authorization is not in effect, make available to the Commission copies of a Covered Person's Staff Trading Records which do not include the Covered Person's name and any other information which would identify the Covered Person

¹⁵ Rule 204-2(a)(12) under the Advisers Act generally requires investment advisers to maintain a record of every transaction in a security in which the investment adviser or any advisory representative of such investment adviser has, or by reason of such transaction acquires, any direct or indirect beneficial ownership, except: (1) transactions effected in any account over which neither the investment adviser nor any advisory representative of the investment adviser has any direct or indirect influence or control; and (2) transactions in securities which are direct obligations of the United States.

¹⁶ You represent that your understanding of Dutch law is based upon advice of Dutch counsel to ABN AMRO Bank, without any independent investigation. You further represent that these restrictions relate only to the asset management operations of ABN AMRO Bank in The Netherlands.

¹⁷ You state that personal data cannot be released unless it is furnished: (1) as a direct result of the purpose for which the data is maintained; (2) with the specific consent of the employee (which may be withdrawn); or (3) as required by the laws of The Netherlands.

("Redacted Staff Trading Records"); and (3) assist the Commission in enlisting the assistance of the appropriate Dutch regulatory authorities if the Commission determines that it requires information not included in the Redacted Staff Trading Records.¹⁸

You note that the United States and The Netherlands are parties to an Agreement on Mutual Administrative Assistance in the Exchange of Information in Securities Matters dated December 11, 1989 (the "Agreement"). You believe that the terms of the Agreement should provide additional assurance to the Commission that its regulatory concerns will be addressed. You state that under Dutch law, the Securities Board of The Netherlands (the Stichting Toezicht Effectenverkeer, or "STE") is empowered to request personal data in connection with an investigation made within the context of the Agreement. You believe that under the Agreement, the Commission should be able to obtain information contained in Staff Trading Records maintained by ABN AMRO Bank with the assistance of Dutch regulatory authorities.

ABN AMRO Bank also represents that it will condition the employment of all newly employed Covered Persons, and persons who are newly assigned to positions that would require them to be deemed Covered Persons, on an undertaking to cooperate with Commission investigations, including appearing for testimony before, or other questioning by, the Commission at such place as the Commission may designate in the United States.¹⁹ In addition, ABN AMRO Bank represents that it will take all appropriate legal actions to compel compliance by such personnel with these undertakings and will pursue all available legal remedies against any person who fails to comply with the undertaking.

You also represent that under Dutch law, an employee of ABN AMRO Bank may be questioned by the STE, and that under the Agreement, the Commission may participate in an investigation by the STE in the Netherlands. An employee of ABN AMRO Bank that fails to cooperate with an STE investigation may be subject to sanctions and may be reported to the appropriate Dutch law enforcement authority.

You state that your proposal is designed to give AAAM's clients the benefits of the specialized expertise of its affiliates' portfolio managers while at the same time, permit the Commission to monitor and police conduct that may harm U.S. clients or markets. It is your view that the undertakings and representations made by ABN AMRO Bank and the Participating Affiliates in your letter will enable AAAM to serve clients efficiently and effectively, and will also address the Commission's regulatory concerns by providing the staff with sufficient access to the relevant aspects of the business of ABN AMRO Bank and its affiliates.

¹⁸ See Representation C.5. below.

¹⁹ See Representation C.6. below.

On the basis of the facts and representations in your letter, and without necessarily agreeing with your legal analysis, we would not recommend that the Commission take any enforcement action against ABN AMRO Bank or its Participating Affiliates if they do not register under the Advisers Act and if they share certain personnel with, and provide certain services to, AAAM, under the conditions described in your letter.

You note that the Division has determined that the substantive provisions of the Advisers Act generally should not govern the relationship between an investment adviser located outside the United States and its foreign clients, provided that these activities do not involve conduct, or give rise to effects, within the United States.²⁰ We would not recommend enforcement action against ABN AMRO Bank and its unregistered (and otherwise non-U.S. regulated) affiliates if they provide investment advisory services to their clients who are not U.S. residents solely in accordance with applicable foreign law except as specified in your letter, provided that the unregistered entities' activities do not involve conduct or effects in the United States.

The positions expressed in this response are based on the facts and representations in your letter, which because of their importance are restated below.

A. Representations of AAAM.²¹

AAAM represents that:

1. it will promptly, upon receipt of an administrative subpoena, demand or a request for voluntary cooperation made during a routine or special inspection or otherwise, provide to the Commission or to the staff of the Commission any and all of the books and records that it is required to keep under the Advisers Act and those kept under foreign law, and, to the extent within its control and to the extent it may lawfully do so, make available for testimony before or other questioning by the Commission or the staff of the Commission any and all personnel (other than clerical or ministerial personnel) identified by the Commission, the staff of the Commission, AAAM, any Participating Affiliate or ABN AMRO Bank as having access to or having been involved in providing advice to U.S. clients, or related transactions, at such place as the Commission may designate in the United States or, at the Commission's option, in the country where the records are kept or such personnel reside. AAAM will authorize all personnel described in the preceding sentence to testify about all

²⁰ See notes 13 and 14, supra.

²¹ You indicate that AAAM may be merged into Chicago. In such event, Chicago would succeed to the business of AAAM and would be bound by the representations made in your letter.

advice provided to U.S. clients and related transactions (except with respect to the identity of non-U.S. clients). Subject to the foregoing, AAAM will not (except with respect to the identity of non-U.S. clients) contest the validity of an administrative subpoena for testimony or documents under any law or regulations other than those of the United States;

2. it will, to the extent that any books and records identified above are not kept in English, cause such books and records to be translated into English upon reasonable advance request by the Commission or its staff;
3. it will deem as an "associated person" each Participating Affiliate, and each employee of each Participating Affiliate and ABN AMRO Bank, who: (a) provides advice (including research) to AAAM's U.S. clients; or (b) has access to any information concerning which securities are being recommended to AAAM's U.S. clients prior to the effective dissemination of such recommendations; and
4. (a) any communications with U.S. clients (including any recommendations or reports) will be through AAAM, not ABN AMRO Bank or the Participating Affiliates, and AAAM will require the Shared Personnel to make clear in any communications between the Shared Personnel and AAAM's clients that such communications are from AAAM, not ABN AMRO Bank or any Participating Affiliate; (b) when dealing with clients or potential clients of AAAM, the Shared Personnel will make it clear that they are acting in their capacity as representatives of AAAM, not ABN AMRO Bank or any Participating Affiliate; and (c) AAAM will disclose to its clients in its Form ADV that ABN AMRO Bank and the Participating Affiliates may recommend to their clients, or invest on behalf of their clients in, securities that are the subject of recommendations to, or discretionary trading on behalf of, AAAM's clients.

B. Representations of Participating Affiliates.

Each Participating Affiliate represents that:

1. any advice given to U.S. clients of AAAM, by or on behalf of AAAM, will be given only through AAAM or through employees who AAAM deems to be "associated persons";
2. it will provide to AAAM, and AAAM's Form ADV will disclose, the names and other information required by Form ADV for all "associated persons" of AAAM who are employees of Participating Affiliates as described in AAAM's representations;

3. staff trading records required by Rule 204-2(a)(12) under the Advisers Act will be maintained for all of its "advisory representatives" with respect to U.S. clients of AAAM and for all persons deemed to be "associated persons" by AAAM who are employees of Participating Affiliates;
4. it will keep books and records of the type described in Rules 204-2(a)(1), (2), (4), (5) and (6) and 204-2(c) under the Advisers Act for all transactions. With respect to transactions involving AAAM's U.S. clients and all related transactions, it will also retain records of the type described in Rules 204-2(a)(3) and (7) under the Advisers Act. All of the books and records described above will be maintained and preserved in an easily accessible place in the country where such records are kept for a period of not less than five years from the end of the fiscal year during which the last entry was made on such book or record;
5. it will, to the extent that any books and records identified above are not kept in English, cause such books and records to be translated into English upon reasonable advance request by the Commission or its staff;
6. it will promptly, upon receipt of an administrative subpoena, demand or a request for voluntary cooperation made during a routine or special inspection or otherwise, provide to the Commission or to the staff of the Commission any and all of the books and records described above, and, to the extent within its control and to the extent it may lawfully do so, make available for testimony before, or other questioning by, the Commission or the staff of the Commission any and all personnel (other than clerical or ministerial personnel) identified by the Commission, the staff of the Commission, AAAM or itself as having access to or having been involved in providing advice to be used for or on behalf of AAAM's U.S. clients or related transactions, at such place as the Commission may designate in the United States or, at the Commission's option, in the country where the records are kept or such personnel reside. It will authorize all personnel described in the preceding sentence to testify about all advice used for or on behalf of AAAM's U.S. clients and related transactions (except with respect to the identity of non-U.S. clients). Subject to the foregoing, it will not (except with respect to the identity of non-U.S. clients) contest the validity of administrative subpoenas for testimony or documents under any law or regulations other than those of the United States; and
7. it will submit to the jurisdiction of U.S. federal courts for actions arising under the U.S. securities laws in connection with investment advisory activities for U.S. clients of AAAM. It will designate and appoint an agent for service of process upon whom may be served all process, pleadings and other papers in (a) any investigation or administrative proceeding conducted by the

Commission; and (b) any civil suit or action brought against AAAM or itself or to which AAAM or it has been joined as a defendant or respondent, in connection with the investment advisory activities and related securities activities arising out of or relating to any investment advisory services provided to U.S. clients of AAAM or any related transaction. It will appoint a successor agent if it or any person discharges the agent, or the agent is unwilling or unable to accept service on its behalf at any time until six years have elapsed from the date of AAAM's last investment advisory activity. It will not have access to or provide advice to be used for or on behalf of U.S. clients of AAAM until documents effecting the appointment of an agent have been filed by it with the Commission in a form that is reasonably acceptable to the staff.

C. Representations of ABN AMRO Bank.

ABN AMRO Bank represents that:

1. any advice given to U.S. clients of AAAM, by or on behalf of AAAM, will be given only through AAAM or through employees who AAAM deems to be "associated persons";
2. it will provide to AAAM, and AAAM's Form ADV will disclose, the names and other information required by Form ADV for all "associated persons" of AAAM as described in AAAM's representations;
3. it will keep books and records of the type described in Rules 204-2(a)(1), (2), (4), (5) and (6) and 204-2(c) under the Advisers Act for all transactions. With respect to transactions involving AAAM's U.S. clients and all related transactions, it will also retain records of the type described in Rules 204-2(a)(3) and (7) under the Advisers Act. All of the books and records described in the preceding sentence will be maintained and preserved in an easily accessible place in the country where such records are kept for a period of not less than five years from the end of the fiscal year during which the last entry was made on such book or record;
4. it will, to the extent it may lawfully do so, promptly, upon receipt of an administrative subpoena, demand or a request for voluntary cooperation made during a routine or special inspection or otherwise, provide to the Commission or to the staff of the Commission any and all of the books and records described in Section C.3, at such place as the Commission may designate in the United States or, at the Commission's option, in the country where the records are kept. To the extent legally permissible, it will not (except with respect to the identity of non-U.S. clients) contest the validity of administrative subpoenas for any document described in Section C.3. under any laws or

regulations other than those of the United States;

5. it will maintain Staff Trading Records of the type required by Rule 204-2(a)(12) under the Advisers Act for all of its "advisory representatives" with respect to U.S. clients of AAAM and for all persons deemed to be "associated persons" by AAAM (for purposes of this Section C.5., such persons are collectively referred to as "Covered Persons"), and it will: (a) make a good faith effort to obtain from all Covered Persons written authorizations (each an "Authorization") to provide their own Staff Trading Records to the Commission or the staff of the Commission upon receipt of an administrative subpoena, demand or request for voluntary cooperation during a routine or special inspection or otherwise; and (b) will make available, upon receipt of an administrative subpoena, demand or request for voluntary cooperation during a routine or special inspection or otherwise of the Commission or the staff of the Commission, copies of redacted Staff Trading Records (as specified below, "Redacted Staff Trading Records" of those Covered Persons for whom a duly signed Authorization is not in effect. If the Commission or the staff of the Commission requires access to the information that has not been included in Redacted Staff Trading Records, it will assist the Commission and the staff of the Commission, to the extent it may lawfully do so, in enlisting the assistance of the appropriate Netherlands regulatory authorities in obtaining access to the information not included in such Redacted Staff Trading Records, and will respond to any lawful request for such information that is made by such Netherlands regulatory authority. "Redacted Staff Trading Records" means a copy of any Covered Person's Staff Trading Records which does not include such Covered Person's name and other information which would identify such Covered Person. It will maintain a key or coding system by which the identity of Covered Persons for whom Redacted Trading Records have been produced can be determined;

6. it will make available in The Netherlands for questioning by the staff of the Commission, to the extent it may lawfully do so, any and all personnel (other than clerical or ministerial personnel) identified by the Commission, the staff of the Commission, AAAM or itself as having access to or having been involved in providing advice to be used for or on behalf of AAAM's U.S. clients or related transactions. It will authorize all personnel described in the preceding sentence to testify about all advice used for or on behalf of AAAM's U.S. clients and related transactions (except with respect to the identity of non-U.S. clients). To the extent legally permissible, it will not (except with respect to the identity of non-U.S. clients) contest the validity of administrative subpoenas for testimony or documents under any laws or regulations other than those of the United States. It will condition the employment of (a) all of its "advisory representatives" with respect to U.S. clients of AAAM, and (b) all persons deemed to be "associated persons" by AAAM to be newly employed

by ABN AMRO Bank, or to be newly assigned to positions that would require them to be deemed to be "advisory representatives" with respect to U.S. clients of AAAM, or "associated persons" by AAAM, to the extent it may lawfully do so, on an undertaking to cooperate with Commission investigations, including appearing for testimony before, or other questioning by, the Commission or the staff of the Commission at such place as the Commission may designate in the United States;

7. it will take all appropriate legal actions to compel compliance by all personnel described in Section C.6. above with the undertakings referred to in Section C.6., above, and will pursue all available legal remedies against any such person that fails to comply with such undertakings;
8. it will, to the extent that any books and records identified in this Section C. are not kept in English, cause such books and records to be translated into English upon reasonable advance request by the Commission or its staff; and
9. it will submit to the jurisdiction of U.S. federal courts for actions arising under the U.S. securities laws in connection with investment advisory activities for U.S. clients of AAAM. It will designate and appoint an agent for service of process upon whom may be served all process, pleadings and other papers in (a) any investigation or administrative proceeding conducted by the Commission; and (b) any civil suit or action brought against AAAM or itself or to which AAAM or it has been joined as a defendant or respondent, in connection with the investment advisory activities and related securities activities arising out of or relating to any investment advisory services provided to U.S. clients of AAAM or any related transaction. It will also appoint a successor agent if it or any person discharges the agent, or the agent is unwilling or unable to accept service on its behalf at any time until six years have elapsed from the date of AAAM's last investment advisory activity. It will not have access to or provide advice to be used for or on behalf of U.S. clients of AAAM until documents effecting the appointment of an agent have been filed by it with the Commission in a form that is reasonably acceptable to the staff.

Conclusion

Because these positions are based upon the facts and representations in your letter, you should note that any different facts or representations may require a different conclusion. Further, this response expresses the Division's position on enforcement action only, and does not purport to express any legal conclusions on the questions presented.

A handwritten signature in black ink, appearing to read "Brendan C. Fox". The signature is fluid and cursive, with a large, stylized initial 'B'.

Brendan C. Fox
Attorney

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SUSAN C. FRUNZI
KENNETH S. GERSTEIN
ALAN R. GLICKMAN
HOWARD O. GODNICK
LAWRENCE S. GOLDBERG
FRED R. GREEN
MARCY RESSLER HARRIS
DANIEL J. KRAMER
BURTON LEHMAN
ISAAC B. LUSTGARTEN
JOHN G. MCGOLDRICK
MICHAEL C. MULITZ
ROBERT S. NASH
MARK A. NEPORENT
PETER A. NUSSBAUM
JAMES M. PECK
MARTIN L. PERSCHETZ
GREGORY P. PRESSMAN
FREDERIC L. RAGUCCI
KURT F. ROSELL
ROBERT ROSENBERG
PAUL N. ROTH
WILLIAM A. RUSKIN
JEFFREY S. SABIN
FREDERICK P. SCHAFFER
STEPHEN J. SCHULTE
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CHAYE ZUCKERMAN SHAPOT
HOWARD F. SHARFSTEIN
JOSEPH R. SIMONE
IRWIN J. SUGARMAN
SHLOMO C. TWERSKI
JANET C. WALDEN
ALAN S. WALDENBERG
PAUL N. WATTERSON, JR.
PAUL E. WEBER
MARC WEINGARTEN
ANDRE WEISS
WILLIAM D. ZABEL

CONFIDENTIAL TREATMENT REQUESTED

March 7, 1997

Jack W. Murphy, Esq.
Chief Counsel
Division of Investment Management
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Investment Advisers Act of 1940, Sections 203 and 208

Dear Mr. Murphy:

We are writing to you on behalf of our clients, ABN AMRO Bank N.V. ("ABN AMRO Bank"), ABN AMRO Asset Management (USA) Inc. ("AAAM") and ABN AMRO Asset Management (Far East) Limited ("AAAMFE") to request your concurrence with our opinion that neither ABN AMRO Bank nor the Participating Affiliates, as defined below, will be required to register under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), if they share certain personnel with, and provide certain services as described below to, AAAM, an investment adviser that is registered under the Advisers Act, under the circumstances described below. In addition, we seek assurance that the staff of the Securities and Exchange Commission (the "Commission") will not recommend enforcement action against ABN AMRO Bank or any of its unregistered (and otherwise non-U.S. regulated) affiliates if they provide investment advisory services to their clients who are not residents of the U.S. solely in

accordance with the securities laws of The Netherlands (or other applicable foreign law) without also complying with the provisions of the Advisers Act, except as provided below.

I. Background.

A. ABN AMRO Bank.

ABN AMRO Bank, incorporated under the law of The Netherlands with executive offices in Amsterdam, is the largest bank in The Netherlands and one of the largest banks in the world. ABN AMRO Bank is a subsidiary* of ABN AMRO Bank Holding N.V. ("ABN AMRO Holding"), also incorporated under the law of The Netherlands with executive offices in Amsterdam. ABN AMRO Holding conducts no operations other than through ABN AMRO Bank.

ABN AMRO Bank comprises a global financial services organization with offices throughout the world and is a "universal bank", as defined under the law of The Netherlands, because it engages in the securities business as well as the commercial banking business. Through its subsidiaries, ABN AMRO Bank provides a wide range of customer financial services, including banking, investment banking, investment advisory and custody, foreign exchange and underwriting, and insurance, and operates both in the United States and abroad.

ABN AMRO Bank operates in the U.S. through ten branches and agencies and its wholly owned subsidiary, ABN AMRO North America, Inc., a Delaware corporation ("AANA"). AANA wholly owns AAAM, a Delaware corporation. AANA also wholly owns LaSalle National Corporation, a Delaware corporation, which, in turn, wholly owns LaSalle National Bancorp, Inc., which itself wholly owns LaSalle National Bank, a national banking association ("LNB").** AANA also wholly owns LaSalle Street Capital Management, Ltd., a Delaware corporation, and an investment adviser that is registered under the Advisers Act ("LSCM").

B. AAAM.***

AAAM commenced business in January, 1994, and was organized for the purpose of providing: (i) portfolio management services to U.S. institutional clients (including clients of

* ABN AMRO Holding owns in excess of 99% of the outstanding voting securities of ABN AMRO Bank.

** LNB, as a national banking association, is excluded from the definition of "investment adviser" under the Advisers Act. LNB is subject to regulation by the Office of the Comptroller of the Currency.

*** AAAM may be merged into the ABN AMRO Chicago Corporation, a Delaware corporation ("AACC") and an indirect, wholly-owned subsidiary of ABN AMRO Bank, which is registered as an investment adviser under the Advisers Act and as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In such event, AACC would succeed to the business of AAAM and AACC would be bound by the representations of AAAM set forth herein.

affiliated banks (e.g., European American Bank ("EAB")), such as corporations, charitable foundations and endowment funds, educational institutions, and pension (or other retirement) plans sponsored by governments, corporations and unions, and registered investment companies; (ii) portfolio management services to U.S. individuals, including persons who may maintain accounts at the U.S. branches and agencies of ABN AMRO Bank and at U.S. affiliated banks, e.g., EAB, and non-U.S. individuals who may maintain accounts at the U.S. branches and agencies of ABN AMRO Bank and at U.S. affiliated banks; and (iii) investment supervisory services for its clients. The portfolio management services provided will be primarily discretionary, although non-discretionary services also may be provided. As more fully discussed below, in providing services to its clients, AAAM may obtain certain services from its affiliates, including ABN AMRO Bank and LSCM, and may effect certain transactions through ABN AMRO Bank and its affiliates. AAAM has been capitalized with more than \$1,000,000.

The portfolio management services of AAAM relate to U.S. and non-U.S. issuers, securities and investments.

AAAM is in the process of registering with the Securities Board of The Netherlands, Stichting Toezicht Effectenverkeer (the "STE"), and, if necessary, will either file an application with the Securities and Futures Commission in Hong Kong (the "SFC") for exempt investment adviser status or register with the SFC. The regulations applicable to AAAM under the laws of the Netherlands are described in greater detail below. AAAM intends to register in each other jurisdiction in which the nature of its activities may require such registration in the future.

The management and the proposed operations of AAAM are discussed in more detail below in Sections III and IV.

II. Advisory Operations of ABN AMRO Bank and Subsidiaries.

A. General.

1. Advisory Operations.

ABN AMRO Bank started its international fund management operations circa 1930. As of December 31, 1996, ABN AMRO Bank managed directly and through its subsidiaries approximately \$50 billion. Asset management operations may be grouped into two categories: (i) services provided directly by ABN AMRO Bank through its bank subsidiaries, branches and agencies located throughout the world to institutional and individual clients; and (ii) services provided by investment management subsidiaries, including LSCM, to institutional (including mutual funds) and individual clients.

The subsidiaries referred to in subsection (ii) above act as advisers or sub-advisers to more than 50 mutual funds which are not registered under the Investment Company Act of

1940, as amended (the "Company Act"), and which are not offered or sold to U.S. persons. LSCM, and one of ABN AMRO Bank's other registered investment adviser subsidiaries, advise the Rembrandt Funds®, a diversified, open-end management company, registered under the Company Act.

ABN AMRO Bank and its subsidiaries are managed by a Managing Board which is comprised of nine members, eight of whom have functional responsibilities with respect to the six divisions into which ABN AMRO Bank and its subsidiaries are organized, including: (i) the Domestic Division; (ii) the International Division; and (iii) the Division Investment Banking & Global Clients (the "IB&GC Division"). The advisory operations of ABN AMRO Bank and its subsidiaries are under the jurisdiction of the latter two divisions.

All of ABN AMRO Bank's operations in North America, including those conducted by AAAM and LSCM, are organized within the International Division. The asset management operations are supervised by an individual who is Chairman of the Board of AAAM.

ABN AMRO Bank's non-U.S. asset management operations are organized within the International Division or the IB&GC Division. From a product point of view all asset management operations are supervised by the Directorate General Asset Management & Trust (the "General AM&T Directorate").

In order to enable AAAM and LSCM to utilize the knowledge and expertise of their counterparts in the International Division and the IB&GC Division, the manager of North American asset management operations functionally reports to the Director of the General AM&T Directorate, as do the managers of the non-U.S. asset management operations. As a result of this organizational matrix, AAAM and LSCM functionally are under the supervision of the General AM&T Directorate.

AAAM proposes to utilize the advisory services of certain personnel who will be primarily employed by ABN AMRO Bank, AAAMFE and LSCM and will have their primary place of work at the offices of one of the foregoing entities. In addition, ABN AMRO Bank will provide certain other services to AAAM, as more fully described below.

2. Regulatory Supervision Under Netherlands Law.

The bank regulatory system in The Netherlands is a comprehensive system based on the provisions of the Act on the Supervision of the Credit System 1992 (Wet Toezicht Kredietwezen 1992) ("ASCS 1992"). De Nederlandsche Bank N.V., the Dutch Central Bank ("DNB"), through directives issued pursuant to statutory authority, regulates the activities of ABN AMRO Bank on behalf of the Netherlands Minister of Finance. DNB regulations focus on monetary supervision and supervision of the solvency, liquidity and administrative organization of ABN AMRO Bank.

Under the terms of the ASCS 1992 ABN AMRO Bank is a universal bank, *i.e.*, the bank is engaged in the securities business as well as the commercial banking business. The securities activities of ABN AMRO Bank are regulated under the Act on the Supervision of Investment Institutions (Wet Toezicht Beleggingsinstellingen 1990) ("ASII 1990") and under the Act on the Supervision of Securities Trade (Wet Toezicht Effectenverkeer, 1995) ("ASST 1995").

The activities of the investment institutions that are part of the ABN AMRO group in The Netherlands are governed by ASII 1990.

ASII 1990 regulates mutual funds and collective investment funds (individually, an "Investment Institution" and collectively, "Investment Institutions") which solicit or obtain in or from The Netherlands moneys or other goods beyond a restricted circle in exchange for units in an Investment Institution. Supervision of Investment Institutions is carried out by DNB. An Investment Institution which falls within the scope of the Act is required to have a license, unless an exemption applies. Licenses are issued by DNB upon application and only if the Investment Institution has proved that it meets certain requirements. Once a license has been obtained, an Investment Institution must send certain financial information to investors on a monthly basis. Furthermore, ASII 1990 contains requirements concerning auditing and publication of annual accounts.

ASST 1995, together with the decrees and regulations promulgated pursuant thereto, provides a comprehensive framework for the conduct of the securities trade in or from The Netherlands (including portfolio management activities) and establishes a legal basis for the supervision of the securities exchanges by the STE.

ASST 1995 contains rules relating to the issuance of securities, regulates securities brokerage and portfolio management activities, and provides a basis for supervision of securities exchanges as well as provisions on insider trading in securities. Securities brokerage within the meaning of ASST 1995 covers the intermediation in securities and interest, currency and equity swap transactions, market-making activities, the acquiring and placing of securities upon issuance thereof and the offering of an investment account (an account by means of which transactions in securities can be effected). Portfolio management under ASST 1995 relates only to individual portfolio management on a contractual basis. Collective portfolio management activities are regulated by ASII 1990.

The enforcement of the provisions of the Act (ASST 1995) is delegated to the STE, to which the Netherlands Minister of Finance has delegated certain of its powers under ASST 1995.

To engage in activities in the securities business a license is required, which must be obtained from the STE. The STE shall, upon request, grant to members of a self-regulatory organization of a Securities Stock Exchange, such as ABN AMRO Bank, a license to engage in

securities activities within the scope of the regulations of such self regulatory organization, if the STE has received a notification from such self regulatory organization containing the information specified in article 9 of ASST 1995. As a credit institution registered and fully licensed under ASCS 1992, ABN AMRO Bank is exempt from the obligation to obtain a license from the STE for its securities business. Members of a self regulatory organization, such as ABN AMRO Bank, must comply with the rules of its self regulatory organization, instead of the decrees and regulations issued pursuant to ASST 1995. Both the self regulatory organization of which ABN AMRO Bank is a member and the Securities Stock Exchange itself are supervised by the STE.

ABN AMRO Bank is a member of the major Dutch Securities exchanges, such as the Amsterdam Stock Exchange and the European Options Exchange.

After AAAM is registered with the STE, AAAM will be subject to regulation in accordance with the principles described above.*

B. Asset Management & Trust

The asset management activities of ABN AMRO Bank and its affiliates are organized within two Directorates within the General AM&T Directorate: Global Asset Management & Trust (the "Global AM&T Directorate") and Asset Management Netherlands (the "Asset Management Netherlands Directorate").

The Global AM&T Directorate coordinates and has final responsibility for worldwide asset management operations. The Asset Management Netherlands Directorate is divided into various groups which are responsible for Portfolio Management, Client Servicing and Fund Administration & Support.

1. Portfolio Management. Portfolio management activity is organized within the Asset Management Netherlands Directorate and is performed on behalf of institutional and private clients and investment funds. The portfolios of U.S. and non-U.S. clients are managed through this Directorate. The selection of portfolio investments is the responsibility of the Equity Management and Fixed Income Management Departments. The portfolio managers are responsible for and provide asset management services with respect to the investment funds and each client portfolio or portion thereof allocated to them. Research is performed within each department by investment professionals, who provide advice and assistance in making decisions as to the purchase/sale of individual investments and the composition of a client's total portfolio or portion thereof managed by that department. The portfolio managers and other investment

* We note that the U.S. and The Netherlands are parties to an Agreement on Mutual Administrative Assistance in the Exchange of Information in Securities Matters, dated January 12, 1990 (the "Agreement on Mutual Assistance"). ABN AMRO Bank believes that the terms of this Agreement provide an additional level of assurance to the Commission that its regulatory concerns are addressed.

professionals within the Asset Management Netherlands Directorate are hereinafter referred to collectively, as "AMN Portfolio Managers".

2. Client Servicing. Institutional Services is responsible for the management and administration of institutional clients and determines, among other things, the appropriate asset allocation for clients and furnishes account information to clients. Institutional Services is also responsible for marketing and the contacts with pension fund consultants. Client Services Private Clients is responsible for the management and administration of private clients.

3. Fund Administration & Support. Fund Administration & Support is responsible for the management and administration of the Amsterdam-based investment funds and the associated investment companies.

C. AAAMFE.

AAAMFE is an investment adviser organized under Hong Kong law. It is registered with the SFC in Hong Kong and must comply with local law in conducting its business. Organizationally, AAAMFE, an indirect wholly owned subsidiary of ABN AMRO Bank, reports to the Director of the General AM&T Directorate.

AAAMFE provides investment management services with respect to investments primarily in the Far East to both private and institutional non-U.S. investors and acts as a sub-adviser to investment advisers, organized under the law of The Netherlands and wholly owned indirectly by ABN AMRO Bank, which manage mutual funds registered under the law of The Netherlands which are not offered to U.S. persons.

The office of AAAMFE is located in Hong Kong where approximately seven investment personnel (whose functions include research) are based (collectively, the "AAAMFE Portfolio Managers"). The AAAMFE Portfolio Managers are employed by ABN AMRO Bank or AAAMFE, although their activities are supervised by AAAMFE.

D. LSCM.

LSCM provides investment management services to U.S. and non-U.S. institutional and private clients, including clients of LNB. LSCM also is the investment adviser to the Rembrandt Funds®, which offers a family of investment funds to U.S. clients. The offices of LSCM are located in Chicago, Illinois where fourteen investment personnel (whose functions include research) are based (collectively, the "LSCM Portfolio Managers").

LSCM is registered as an investment adviser under the Advisers Act and, accordingly, is subject to the Commission's regulation and supervision.

E. ABN AMRO Bank Asset Management Decision Making Process.

Global strategy with regard to the asset and regional allocation of investments is formulated by the Global Investment Committee of ABN AMRO Bank (the "GIC") with the support of Regional Investment Committees ("RICs"). The GIC includes representatives of the principal operating units of ABN AMRO Bank involved in asset management, including economic research units, senior strategists, portfolio managers and marketing and sales units. The GIC meets at least quarterly. Each RIC, in turn, meets monthly and includes representatives from the units which are involved in providing asset management services in the three primary global regions served, *i.e.*, the North American Region, the European Region and the Far East Region.

The GIC establishes general investment policies and guidelines with respect to international securities based upon macroeconomic analyses, interest rate and stock market trends. The recommendations of the GIC relate only to geographic areas and regional sectors; the GIC does not discuss specific securities held by clients and does not make recommendations as to specific securities to be purchased or sold for the account of clients. Accordingly, the GIC does not have access to individual client portfolio information.

Subsequent to each meeting of the GIC, all portfolio managers are briefed on the impact of the broad strategy of the GIC on the individual requirements of particular types of clients. Portfolio managers then make investment decisions and recommendations as to specific securities based on the investment objectives and guidelines of each particular client consistent with the general policies of the GIC.

III. Current Affiliations Among AAAM, ABN AMRO Bank and its Affiliates.

A. Composition of the Board of AAAM.

Directors of AAAM may also serve as directors or officers of other entities within ABN AMRO Bank's organization. Such persons will devote such time and attention to the management of the operations of AAAM as is necessary. None of such persons makes specific investment decisions or recommendations on behalf of any ABN AMRO Bank affiliate or any client thereof, other than AAAM or LSCM.

B. AAAM Relationship With Affiliates.

AAAM plans to engage in certain transactions with or obtain certain services from its affiliates, as more fully discussed below.

1. Supporting Services of Certain Personnel. AAAM's portfolio managers will devote substantially all of their business time and attention to the management of the portfolios of AAAM clients (collectively, the "AAAM Portfolio Managers"). Under AAAM's

proposal (as described below), in providing advisory services to its clients, AAAM may also rely upon persons who primarily will be employees of ABN AMRO Bank, AAAMFE and LSCM.

2. Books and Records. AAAM may have arrangements with ABN AMRO Bank and its affiliates through which they may act as custodians for client accounts, provide data processing and related record services and provide other administrative services as agreed by the parties.

AAAM also may obtain data processing and related record keeping services from ABN AMRO Chicago Corporation ("AACC"), which is registered as an investment adviser under the Advisers Act and as a broker-dealer under the Securities Exchange Act of 1934, as amended. Under AAAM's proposal (as described below), AACC may provide AAAM with additional administrative services as agreed to by the parties. Also, under AAAM's proposal (as described below), AAAM may obtain similar services from ABN AMRO Bank and its affiliates.

3. Execution of Transactions. Under AAAM's proposal (as described below), AAAM may execute and clear securities transactions through ABN AMRO Bank and other broker-dealer affiliates.

IV. Proposed Activities.

A. Legal Framework.

1. The Staff Report and Recent Developments. In the past, the staff (the "Staff") of the Division of Investment Management (the "Division") has taken the position that a non-U.S. company need not register as an investment adviser, provided that it establishes a registered subsidiary that meets certain criteria, commonly known as the "Ellis Rules".*

The Staff now acknowledges that the separate personnel requirement of the Ellis Rules may work to the detriment of clients of a U.S. registered investment adviser and has

* The "Ellis Rules" were derived from the Commission staff's response to a "no-action" request letter: Richard Ellis (pub. avail. Sept. 17, 1981). Under the Ellis Rules, a subsidiary will be regarded by the staff as having a separate, independent existence and to be functioning independently of its parent only if it: (i) is adequately capitalized; (ii) has a buffer, such as a board of directors a majority of whose members are independent of the parent, between the subsidiary's personnel and the parent; (iii) has employees, officers and directors, who, if engaged in providing advice in the day-to-day business of the subsidiary entity, are not otherwise engaged in an investment advisory business of the parent; (iv) itself makes the decisions as to what investment advice is to be communicated to, or is to be used on behalf of, its clients and has and uses sources of investment information not limited to its parent; and (v) keeps its investment advice confidential until communicated to its clients.

recommended that the position taken in Richard Ellis be modified in order that a registered adviser may share advisory personnel with unregistered affiliates.*

Indeed, the separate personnel requirement of the Ellis Rules would restrict AAAM's ability to draw fully upon the expertise and talent of portfolio managers (whose functions may include research) employed by ABN AMRO Bank and its affiliates. AAAM's proposal, as described below, is designed to give the clients of AAAM the benefits of the specialized expertise of portfolio managers of its affiliates while at the same time, in the event of any alleged violation of U.S. securities law, permitting the Commission to seek enforcement action against ABN AMRO Bank, AAAMFE, and any other unregistered (and otherwise non-U.S. regulated) affiliate that provides advice to the U.S. clients of AAAM, through or on behalf of AAAM, or has access to any information concerning which securities are recommended for AAAM's clients prior to the effective dissemination of such recommendations (such entities, other than ABN AMRO Bank, collectively, the "Participating Affiliates").

Based upon the more flexible policies reflected in the Staff Report, the Staff already has granted relief to a number of organizations which engage in multinational investment advisory activities, conditioned on various representations made to address the concerns of the Staff.** As discussed below, Dutch law materially restricts the ability of ABN AMRO Bank to make certain of such representations in the same form.*** However, ABN AMRO Bank believes that the representations which are set forth below in Sections V.C.5 and V.C.6 address the concerns of the Staff in a manner which also is in compliance with Dutch legal requirements.

2. Dutch Legal Considerations. Dutch law materially restricts the ability of ABN AMRO Bank to provide access to Staff Trading Records of its "advisory representatives" with respect to U.S. clients of AAAM and for all persons deemed to be "associated persons" by AAAM (collectively, "Covered Persons") and to make Covered Persons available for testimony before, or other questioning by, the Commission or the Staff. These restrictions relate only to the asset management operations of ABN AMRO Bank in The Netherlands.

Under Dutch law, the keeper of a "database", such as ABN AMRO Bank, which contains information on individuals, such as employees of ABN AMRO Bank, is prohibited from furnishing the "personal data" contained in such database to third parties unless the information

* See SEC Division of Investment Management, Protecting Investors: A Half Century of Investment Company Regulation, Chapter 5, The Reach of the Investment Advisers Act of 1940 (May 1992) (the "Staff Report").

** Murray Johnstone Holdings Limited (pub. avail. Oct. 7, 1994), Kleinwort Benson Investment Management Ltd. (pub. avail. Dec. 15, 1993), Mercury Asset Management plc (pub. avail. April 16, 1993) and Uniao de Bancos de Brasileiros S.A. (pub. avail. July 28, 1992).

*** The discussion of Dutch law set forth herein is based solely upon the advice of Dutch counsel to ABN AMRO Bank, without any independent investigation.

is furnished: (i) as a "direct result" of the purpose for which the data is maintained; (ii) with the specific consent of the employee; or (iii) as required by the laws of The Netherlands. The exception provided by clause (i) above does not include the furnishing of information to third parties on the sole basis that it is not "incompatible" with the specific purpose for which it is maintained. Since personal data is not maintained by ABN AMRO Bank regarding its employees for the purpose of being furnished to the Commission, ABN AMRO Bank can not furnish such data to the Commission based upon this exception. With respect to the exception provided by clause (ii) above, any such consent, even if in writing, may be withdrawn at any time. Furthermore, ABN AMRO Bank could not, for instance, effectively condition the employment of an individual on an undertaking to provide the Commission with access to such person's Staff Trading Records. However, under Dutch law and the Agreement on Mutual Assistance, ABN AMRO Bank is required to provide personal data regarding its employees to the STE and the Commission under the circumstances discussed below.

Under Dutch law, the STE is empowered to request parties active in the securities industry to provide personal data in connection with an investigation made within the context of the Agreement on Mutual Assistance. Accordingly, ABN AMRO Bank would be required to provide the relevant Dutch regulatory authorities with Staff Trading Records, in the context of a Commission investigation, upon a request therefor. Pursuant to the Agreement on Mutual Assistance, the STE should cooperate, subject to the provisions of the Agreement on Mutual Assistance, with the Commission in obtaining and exchanging necessary information in connection with a Commission investigation. Accordingly, subject to the provisions of the Agreement on Mutual Assistance and with the assistance of the appropriate Dutch regulatory authority, the Commission should be able to obtain information included in Staff Trading Records that are maintained by ABN AMRO Bank.

Also, under Dutch law, upon request of an employer, such as ABN AMRO Bank, an employee would generally be required to cooperate with a Commission investigation, if that did not require their appearance in the U.S. The available remedies for an employee's failure to comply with the reasonable instructions of ABN AMRO Bank are dismissal and rescission of the employment contract. Neither of these actions would result in ABN AMRO Bank being able to force the employee to appear before the Commission in The Netherlands or in the U.S. However, any employee must cooperate with the STE. Under this general obligation, the STE may be allowed to question employees, but such employees cannot be heard under oath. The Staff of the Commission may participate in an investigation by the STE in The Netherlands, provided that such officials follow the instructions of the STE. Furthermore, under Dutch law, an individual who fails to cooperate with the STE could be subject to sanctions and the STE could report such person's failure to cooperate to the appropriate enforcement authority in The Netherlands.

In order to address the concerns of the Staff in a manner which is consistent with Dutch law, ABN AMRO Bank is making representations with respect to providing access to Staff Trading Records with respect to Covered Persons and making Covered Persons available

for testimony before, or other questioning by, the Commission or the Staff. We understand that the Staff has conferred with the staff of the STE with respect to the operation of the Agreement on Mutual Assistance in such situations. The Agreement on Mutual Assistance provides a measure of additional comfort to the Staff that its concerns have been addressed.

With respect to providing access to Staff Trading Records, as more specifically set forth in Section V.C.5., below, ABN AMRO Bank is representing that it will make a good faith effort to obtain from all Covered Persons written authorizations to provide their own Staff Trading Records, and it will make available to the Commission or the Staff of the Commission, copies of redacted Staff Trading Records ("Redacted Trading Records") of those Covered Persons for whom a duly signed authorization is not in effect. (ABN AMRO Bank will maintain a key or coding system by which the identity of employees for whom Redacted Trading Records have been produced can be determined.) ABN AMRO Bank also is representing that if the Commission or the Staff determines that it requires access to the information that has not been included in the Redacted Trading Records that it will assist the Commission and the Staff in enlisting the assistance of the appropriate Dutch regulatory authorities to obtain such information.

With respect to making employees available for questioning before the Commission and the Staff, as more specifically set forth in Section V.C.6., below, ABN AMRO Bank will condition the employment of all Covered Persons to be newly employed by it, or to be newly assigned to positions that would require them to be deemed to be Covered Persons, on an undertaking to cooperate with Commission investigations, including appearing for testimony before, or other questioning by, the Commission or the Staff at such place as the Commission may designate in the U.S. ABN AMRO Bank is also representing that it will take all appropriate legal actions to compel compliance by all such personnel with the aforesaid undertakings and will pursue all available legal remedies against any such person that fails to comply with such undertakings.

B. Supporting Services of Certain Personnel.

AAAM proposes to utilize the services of certain of the AMN Portfolio Managers, the AAAMFE Portfolio Managers and the LSCM Portfolio Managers (collectively, the "Advisory Personnel") to provide advisory services to its clients. The Advisory Personnel will be primarily employed by, and under the supervision of, ABN AMRO Bank, AAAMFE or LSCM, and will have their primary place of work at the offices of one of the foregoing entities. Advisory Personnel who provide advisory services to clients of AAAM as well as to clients of other affiliated entities are hereinafter referred to as, individually, a "Shared Adviser", and collectively, "Shared Advisers". The Shared Advisers will be physically located in the offices of ABN AMRO Bank in Amsterdam, AAAMFE in Hong Kong, or LSCM in Chicago. Initially, AAAM also proposes to utilize the services of certain of the employees of certain affiliates, including LSCM, to service its clients and market the investment advisory services of AAAM, and in the future AAAM may similarly utilize the services of its own employees or the services

of certain portfolio managers of ABN AMRO Bank and AAAMFE (individually, a "Client Servicer" and, collectively, "Client Servicers").

Under the proposal, responsibility for the management of specific portions of a customer's portfolio will be assigned to an AAAM Portfolio Manager or a Shared Adviser based upon the customer's wishes and needs and the relative expertise among the AAAM Portfolio Managers and the Shared Advisers. Thus, a Shared Adviser might be responsible for managing a portion of the investments of each account of AAAM because it may be more efficient to have Advisory Personnel who specialize in a particular geographic region or industry make investment decisions for clients of AAAM. A Shared Adviser might also be responsible for providing advice or recommendations as to the securities of companies in a region or with respect to an industry as to which such person has special expertise.

Although the person who would be primarily responsible for investment decisions might be a Shared Adviser who is primarily employed by, and under the supervision of, ABN AMRO Bank, AAAMFE, LSCM, or a Participating Affiliate generally, the Client Servicer for a particular AAAM client would be primarily employed by, and under the supervision of, either AAAM, ABN AMRO Bank, AAAMFE, LSCM or a Participating Affiliate. In the future, in some cases, a Shared Adviser who is employed by, and under the supervision of, ABN AMRO Bank, AAAMFE, LSCM or a Participating Affiliate might act as the Client Servicer for a particular AAAM client.

AAAM will enter into appropriate arrangements with ABN AMRO Bank, AAAMFE, LSCM and any other Participating Affiliates to assure compliance with the understandings set forth herein and the availability of Shared Advisers and Client Servicers who are primarily employed by, and under the supervision of, ABN AMRO Bank, AAAMFE or LSCM and any other Participating Affiliates, respectively. Shared Advisers, who will be primarily employed by and under the supervision of ABN AMRO Bank and AAAMFE, or Participating Affiliate will be treated as "associated persons" of AAAM.

C. Research.

In addition to other sources, Advisory Personnel rely on brokerage research provided by unaffiliated entities and by the brokerage research units of ABN AMRO Bank and its affiliates (collectively, the "Brokerage Research Units"). The research provided by the Brokerage Research Units is only a part of the total "mix" of information which AAAM will use in reaching its investment decisions and recommendations. This "mix" also is anticipated to include: (i) research provided by Advisory Personnel; and (ii) secondary research and analytical information received directly from brokers and other financial or economic institutions not affiliated with AAAM.

The research regularly produced by the Brokerage Research Units consists of statistical and other factual information on the U.S. dollar, non-U.S. currencies, U.S. and non-

U.S. industries and companies, advice regarding U.S. and non-U.S. economic factors and trends, and information, advice and recommendations on specific companies and securities. Such research is published externally and is provided in the ordinary course of business to clients of the Brokerage Research Units, which consist largely of industry professionals, such as AAAM. Research obtained by AAAM from the Brokerage Research Units is not provided directly by AAAM to the U.S. clients of AAAM and is not customized by the Brokerage Research Units for the U.S. clients of AAAM.

The operations of the Brokerage Research Units are completely distinct from the research operations of the Advisory Personnel. The operations of the Brokerage Research Units and the entities which employ, or are primarily responsible for the supervision of, Advisory Personnel are supervised so as to ensure that the Brokerage Research Units will not have access to any information concerning the portfolios of the U.S. clients of AAAM or the securities recommended to, or purchased or sold for the accounts of, the U.S. clients of AAAM.

There will be a "Chinese Wall" between the Brokerage Research Units and the Shared Advisers, the Client Servicers and other AAAM personnel, and in those geographic locations where the Brokerage Research Units and Shared Advisers, Client Servicers and other AAAM personnel both will have offices, they will be physically separated. The Brokerage Research Units will not have access to AAAM's files, and the Brokerage Research Units will not have knowledge of the portfolios of AAAM's clients or information concerning AAAM's investment decisions and recommendations. In addition, the Shared Advisers, Client Servicers and other AAAM personnel will not be provided access to the files of the Brokerage Research Units' analysts and other employees. The Brokerage Research Units will not prepare research reports or other information specifically for use by, or on behalf of, the U.S. clients of AAAM.

Although the Brokerage Research Units may have contact with the Shared Advisers, the Client Servicers and other AAAM personnel, such contact is and will be maintained exclusively on an arm's-length basis on terms which are comparable to the terms on which the Shared Advisers, Client Services and other AAAM personnel have contact with unaffiliated entities that provide brokerage research.

AAAM will be solely responsible for the conduct of its investment management and advisory business, including the development and implementation of investment policy and strategy, and all investment decisions for the purchase and sale of securities for its clients' accounts and the timing thereof. The research prepared by the Brokerage Research Units is treated by the Advisory Personnel as if it were received from unaffiliated entities. Accordingly, AAAM will not necessarily follow the recommendations provided to it by the Brokerage Research Units. Based upon the foregoing, the Brokerage Research Units will not be considered to be Participating Affiliates, and the employees thereof will not be treated as "associated persons" of AAAM, solely because they provide AAAM with research in the manner described above.

D. Books and Records.

As noted above, AAAM will make arrangements with affiliates through which affiliates may act as custodian for client accounts, provide data processing and related record services and provide other administrative services as agreed by the parties.

Also, AAAM may obtain similar services from ABN AMRO Bank. ABN AMRO Bank may prepare client reports, including quarterly or more frequent portfolio reports which detail the exact status of each client's portfolio, *e.g.*, asset breakdown, performance data and a transaction review. Such portfolio reports may be supplemented with a written explanation of the investment strategies employed in connection with such portfolios. All reports to AAAM's clients will be reviewed by AAAM (or Client Servicers acting on behalf of AAAM), transmitted by AAAM and printed on AAAM's letterhead.

Approximately 30 employees of ABN AMRO Bank will be responsible for maintaining, or will have access to, records of AAAM. Such employees will be treated as "advisory representatives" of AAAM. Any written agreement between AAAM and ABN AMRO Bank or its affiliates will provide that any records maintained on behalf of AAAM will be maintained in accordance with the requirements of Rule 204-2 under the Advisers Act, that such records are the exclusive property of AAAM and that the staff of the Commission will be entitled to have access to such records.

E. Execution of Transactions.

Regional central trading units are being established at LSCM/AAAM in Chicago and at ABN AMRO Bank in Amsterdam, and may be established at AAAMFE in Hong Kong (individually, a "Central Trading Unit") to serve the Advisory Personnel within the North American Region, the European Region and the Far East Region, respectively. Each Central Trading Unit will have a central order collection and processing function, and will pursue accurate and optimal order execution of transactions relating to equities, bonds, other securities and foreign exchange. All orders will be collected, then executed and cleared either by in-house securities brokers and broker-dealer affiliates (on an "arm's-length" basis) or by unaffiliated brokers. It is the policy of ABN AMRO Bank that all broker-dealer affiliates be properly registered with the appropriate regulatory authorities and comply with applicable regulations in the respective jurisdictions in which they operate.

In order to ensure that trades effected for AAAM's clients are executed on terms no less favorable than trades executed for other clients of affiliated entities, subject to applicable U.S. laws (such as the Employee Retirement Income Security Act of 1974, as amended, and the Company Act), trades for AAAM's clients generally will be placed through the appropriate Central Trading Unit and could be combined with trades on behalf of other clients of ABN AMRO Bank and its affiliates. Individuals in the North American Central Trading Unit who place trades on behalf of AAAM may be jointly employed by AAAM and LSCM. ABN AMRO

Bank employees, and employees of other entities within ABN AMRO Bank's organization, who place trades on behalf of AAAM's clients will be treated as "associated persons" of AAAM.

V. Representations of AAAM, ABN AMRO Bank and Participating Affiliates.

In order to address the concerns of the Staff expressed in the Staff Report, such as the Commission's access to trading and other records of ABN AMRO Bank, the Participating Affiliates and their personnel, to the extent necessary to monitor and police conduct that may harm U.S. investors, AAAM, ABN AMRO Bank and the Participating Affiliates make the representations set forth below.

A. Representations of AAAM.

AAAM has authorized us to state that it represents that:

1. it will promptly, upon receipt of an administrative subpoena, demand or a request for voluntary cooperation made during a routine or special inspection or otherwise, provide to the Commission or to the Staff of the Commission any and all of the books and records that it is required to keep under the Advisers Act and those kept under foreign law, and, to the extent within its control and to the extent it may lawfully do so, make available for testimony before or other questioning by the Commission or the Staff of the Commission any and all personnel (other than clerical or ministerial personnel) identified by the Commission, the Staff of the Commission, AAAM, any Participating Affiliate or ABN AMRO Bank as having access to or having been involved in providing advice to U.S. clients, or related transactions, at such place as the Commission may designate in the U.S. or, at the Commission's option, in the country where the records are kept or such personnel reside. AAAM will authorize all personnel described in the preceding sentence to testify about all advice provided to U.S. clients and related transactions (except with respect to the identity of non-U.S. clients). Subject to the foregoing, AAAM will not (except with respect to the identity of non-U.S. clients) contest the validity of an administrative subpoena for testimony or documents under any law or regulations other than those of the U.S.;
2. it will, to the extent that any books and records identified above are not kept in English, cause such books and records to be translated into English upon reasonable advance request by the Commission or its Staff;
3. it will deem as an "associated person" each Participating Affiliate, and each employee of each Participating Affiliate and ABN AMRO Bank, who: (a) provides advice (including research) to AAAM's U.S. clients; or (b) has

access to any information concerning which securities are being recommended to AAAM's U.S. clients prior to the effective dissemination of such recommendations; and

4. (a) any communications with U.S. clients (including any recommendations or reports) will be through AAAM, not ABN AMRO Bank or the Participating Affiliates, and AAAM will require the Shared Advisers and Client Servicers to make clear in any communications between the Shared Advisers and Client Servicers and AAAM's clients that such communications are from AAAM, not ABN AMRO Bank or any Participating Affiliate; (b) when dealing with clients or potential clients of AAAM, the Shared Advisers and Client Servicers will make it clear that they are acting in their capacity as representatives of AAAM, not ABN AMRO Bank or any Participating Affiliate; and (c) AAAM will disclose to its clients in its Form ADV that ABN AMRO Bank and the Participating Affiliates may recommend to their clients, or invest on behalf of their clients in, securities that are the subject of recommendations to, or discretionary trading on behalf of, AAAM's clients.

B. Representations of Participating Affiliates.

Each Participating Affiliate has authorized us to state that they represent that:

1. any advice given to U.S. clients of AAAM, by or on behalf of AAAM, will be given only through AAAM or through employees who AAAM deems to be "associated persons";
2. it will provide to AAAM, and AAAM's Form ADV will disclose, the names and other information required by Form ADV for all "associated persons" of AAAM who are employees of Participating Affiliates as described in AAAM's representations;
3. staff trading records required by Rule 204-2(a)(12) will be maintained for all of its "advisory representatives" with respect to U.S. clients of AAAM and for all persons deemed to be "associated persons" by AAAM who are employees of Participating Affiliates;
4. it will keep books and records of the type described in Rules 204-2(a)(1), (2), (4), (5) and (6) and 204-2(c) for all transactions. With respect to transactions involving AAAM's U.S. clients and all related transactions, it will also retain records of the type described in Rules 204-2(a)(3) and (7). All the books and records described above will be maintained and preserved in an easily accessible place in the country where such records

are kept for a period of not less than five years from the end of the fiscal year during which the last entry was made on such book or record;

5. it will, to the extent that any books and records identified above are not kept in English, cause such books and records to be translated into English upon reasonable advance request by the Commission or its Staff;
6. it will promptly, upon receipt of an administrative subpoena, demand or a request for voluntary cooperation made during a routine or special inspection or otherwise, provide to the Commission or to the Staff of the Commission any and all of the books and records described above, and, to the extent within its control and to the extent it may lawfully do so, make available for testimony before, or other questioning by, the Commission or the Staff of the Commission any and all personnel (other than clerical or ministerial personnel) identified by the Commission, the Staff of the Commission, AAAM or itself as having access to or having been involved in providing advice to be used for or on behalf of AAAM's U.S. clients or related transactions, at such place as the Commission may designate in the U.S. or, at the Commission's option, in the country where the records are kept or such personnel reside. It will authorize all personnel described in the preceding sentence to testify about all advice to be used for or on behalf of AAAM's U.S. clients and related transactions (except with respect to the identity of non-U.S. clients). Subject to the foregoing, it will not (except with respect to the identity of non-U.S. clients) contest the validity of administrative subpoenas for testimony or document under any laws or regulations other than those of the U.S.; and
7. it will submit to the jurisdiction of U.S. federal courts for actions arising under the U.S. securities laws in connection with investment advisory activities for U.S. clients of AAAM. It will designate and appoint an agent for service of process upon whom may be served all process, pleadings or other papers in: (a) any investigation or administrative proceeding conducted by the Commission; and (b) any civil suit or action brought against AAAM and itself or to which AAAM or it has been joined as a defendant or respondent, in connection with the investment advisory activities and related securities activities arising out of or relating to any investment advisory services provided to U.S. clients of AAAM or any related transaction. It will also appoint a successor agent if it or any person discharges the agent, or the agent is unwilling or unable to accept service on its behalf at any time until six years have elapsed from the date of AAAM's last investment advisory activity. It will not have access to or provide advice to be used for or on behalf of U.S. clients of AAAM until

documents effecting the appointment of an agent have been filed by it with the Commission in a form that is reasonably acceptable to the Staff.

C. Representations of ABN AMRO Bank

ABN AMRO Bank has authorized us to state that it represents that:

1. any advice given to U.S. clients of AAAM, by or on behalf of AAAM, will be given only through AAAM or through employees who AAAM deems to be "associated persons";
2. it will provide to AAAM, and AAAM's Form ADV will disclose, the names and other information required by Form ADV for all "associated persons" of AAAM as described in AAAM's representations;
3. it will keep books and records of the type described in Rules 204-2(a)(1), (2), (4), (5) and (6) and 204-2(c) for all transactions. With respect to transactions involving AAAM's U.S. clients and all related transactions, it will also retain records of the type described in Rules 204-2(a)(3) and (7). All the books and records described in the preceding sentence will be maintained and preserved in an easily accessible place in the country where such records are kept for a period of not less than five years from the end of the fiscal year during which the last entry was made on such book or record;
4. it will, to the extent it may lawfully do so, promptly, upon receipt of an administrative subpoena, demand or a request for voluntary cooperation made during a routine or special inspection or otherwise, provide to the Commission or to the Staff of the Commission any and all of the books and records described in Section C.3. at such place as the Commission may designate in the U.S. or, at the Commission's option, in the country where the records are kept. To the extent legally permissible, it will not (except with respect to the identity of non-U.S. clients) contest the validity of administrative subpoenas for any document described in Section C.3. under any laws or regulations other than those of the U.S.;
5. it will maintain Staff Trading Records of the type required by Rule 204-2(a)(12) for all of its "advisory representatives" with respect to U.S. clients of AAAM and for all persons deemed to be "associated persons" by AAAM (for purposes of this Section C.5., such persons are collectively referred to as "Covered Persons"), and it will: (a) make a good faith effort to obtain from all Covered Persons written authorizations (each, an "Authorization") to provide their own Staff Trading Records to the

Commission or the Staff of the Commission upon receipt of an administrative subpoena, demand or a request for voluntary cooperation during a routine or special inspection or otherwise; and (b) will make available, upon receipt of an administrative subpoena, demand or a request for voluntary cooperation during a routine or special inspection or otherwise of the Commission or the Staff of the Commission, copies of redacted Staff Trading Records (as specified below, "Redacted Staff Trading Records") of those Covered Persons for whom a duly signed Authorization is not in effect. If the Commission or the Staff of the Commission determines that it requires access to the information that has not been included in Redacted Staff Trading Records, it will assist the Commission and the Staff of the Commission, to the extent it may lawfully do so, in enlisting the assistance of the appropriate Netherlands regulatory authorities in obtaining access to the information not included in such Redacted Staff Trading Records, and will respond to any lawful request for such information that is made by such Netherlands regulatory authority. "Redacted Staff Trading Records" means a copy of any Covered Person's Staff Trading Records which does not include such Covered Person's name and other information which would identify such Covered Person. It will maintain a key or coding system by which the identity of Covered Persons for whom Redacted Trading Records have been produced can be determined.

6. it will make available in The Netherlands for questioning by the staff of the Commission, to the extent it may lawfully do so, any and all personnel (other than clerical or ministerial personnel) identified by the Commission, the Staff of the Commission, AAAM or itself as having access to or having been involved in providing advice to be used for or on behalf of AAAM's U.S. clients or related transactions. It will authorize all personnel described in the preceding sentence to testify about all advice to be used for or on behalf of AAAM's U.S. clients and related transactions (except with respect to the identity of non-U.S. clients). To the extent legally permissible, it will not (except with respect to the identity of non-U.S. clients) contest the validity of administrative subpoenas for testimony or documents under any laws or regulations other than those of the U.S. It will condition the employment of all of its "advisory representatives" with respect to U.S. clients of AAAM and for all persons deemed to be "associated persons" by AAAM to be newly employed by ABN AMRO Bank, or to be newly assigned to positions that would require them to be deemed to be "advisory representatives" with respect to U.S. clients of AAAM or "associated persons" by AAAM, to the extent it may lawfully do so, on an undertaking to cooperate with Commission investigations,

including appearing for testimony before, or other questioning by, the Commission or the Staff of the Commission at such place as the Commission may designate in the U.S.

7. it will take all appropriate legal actions to compel compliance by all personnel described in Section C.6. above with the undertakings referred in Section C.6., above, and will pursue all available legal remedies against any such person that fails to comply with such undertakings.
8. it will, to the extent that any books and records identified in this Section C. are not kept in English, cause such books and records to be translated into English upon reasonable advance request by the Commission or its Staff;
9. it will submit to the jurisdiction of U.S. federal courts for actions arising under the U.S. securities laws in connection with investment advisory activities for U.S. clients of AAAM. It will designate and appoint an agent for service of process upon whom may be served all process, pleadings or other papers in: (a) any investigation or administrative proceeding conducted by the Commission; and (b) any civil suit or action brought against AAAM and itself or to which AAAM or it has been joined as a defendant or respondent, in connection with the investment advisory activities and related securities activities arising out of or relating to any investment advisory services provided to U.S. clients of AAAM or any related transaction. It will also appoint a successor agent if it or any person discharges the agent, or the agent is unwilling or unable to accept service on its behalf at any time until six years have elapsed from the date of AAAM's last investment advisory activity. It will not have access to or provide advice to be used for or on behalf of U.S. clients of AAAM until documents effecting the appointment of an agent have been filed by it with the Commission in a form that is reasonably acceptable to the Staff.

VI. Conclusion.

In view of the Staff's flexible approach towards extraterritorial application of the Advisers Act, as expressed in the Staff Report, Murray Johnstone Holdings Limited (pub. avail. Oct. 7, 1994), Kleinwort Benson Investment Management Ltd. (pub. avail. Dec. 15, 1993), Mercury Asset Management plc (pub. avail. April 16, 1993) and Uniao de Bancos de Brasileiros S.A. (pub. avail. July 28, 1992) and in view of the undertakings described above, in particular that ABN AMRO Bank and the Participating Affiliates each undertakes to provide the Commission with access to the books and records described above, it is our view that ABN AMRO Bank, AAAM and each Participating Affiliate have created a workable approach that will enable AAAM to serve clients efficiently and effectively, and will also address the Staff's regulatory concerns by providing the Staff of the Commission with reasonable access to the

Jack W. Murphy, Esq.

March 7, 1997

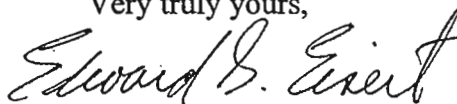
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relevant aspects of ABN AMRO Bank's and AAAM's affiliate's businesses in accordance with the representations set forth above.* Therefore, it is our opinion that ABN AMRO Bank and the Participating Affiliates need not register as investment advisers under the circumstances described in this letter.

For the reasons set forth above, we respectfully request your concurrence with our opinion that ABN AMRO Bank and the Participating Affiliates are not required to register under the Advisers Act if AAAM proceeds as described above. In addition, we seek assurance that the Staff of the Commission will not recommend enforcement action against ABN AMRO Bank or any of its unregistered (and otherwise non-U.S. regulated) affiliates if they provide investment advisory services to their clients who are not residents of the U.S. solely in accordance with the securities laws of The Netherlands (or other applicable foreign law) without also complying with the provisions of the Advisers Act, except as specified above, provided that such activities do not constitute conduct occurring within the territory of the U.S. and do not have, and are not intended to have, substantial and foreseeable effects within the U.S.

We would request the opportunity to discuss these matters further with the Staff in the event that the Division or the Commission proposes to withhold all or any part of the no-action relief requested in this letter. If you have any questions, or require any further information, please contact the undersigned at (212) 756-2579. In accordance with Release No. 3306269 (December 5, 1980) we have enclosed an original and seven (7) copies of this no-action letter request.

Very truly yours,



Edward G. Eisert

We believe that the terms of the Agreement on Mutual Assistance between the U.S. and The Netherlands provides an additional level of assurance to the Commission that its regulatory concerns are addressed.