

a sales price above the maximum value set out in §§ 1609.2(j)(2), 1609.2(k)(2) or § 1609.2(m)(2) of this part, as applicable, but only a qualifying purchaser may purchase the property at a sales price below such maximum value.

(b) Any person or entity may purchase a non-AHDP property for a sales price above the maximum value set out in §§ 1609.2(j)(2), 1609.2(k)(2) or § 1609.2(m)(2) of this part, as applicable, but only a qualifying purchaser may purchase such a property at a sales price below such maximum value. If the RTC is unable to sell a non-AHDP property in compliance with the requirements of the preceding sentence, then the RTC may dispose of the property in such manner as it determines appropriate.

By order of the Chief Executive Officer of Resolution Trust Corporation.

Dated at Washington, DC, this 5th day of October 1994.

Resolution Trust Corporation.

John M. Buckley, Jr.,

Secretary.

[FR Doc. 94-25072 Filed 10-18-94; 8:45 am]

BILLING CODE 6714-01-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 11, 121, 125, and 135

[Docket No. 27229; Amendment No. 11-37; ref. Amendment Nos. 121-241; 125-21; 135-52]

RIN 2120-AE91

Flight Attendant Duty Period Limitations and Rest Requirements

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; notice of effective date.

SUMMARY: The notice announces the effective date for the information collection requirements of the Flight Attendant Duty Period Limitations and Rest Requirements final rule. This notice is needed because at the time of issuance of that final rule the Office of Management and Budget had not approved the burden associated with the recordkeeping requirements. That approval has now been received, and the FAA announces the effective date for the affected sections.

DATES: Effective Date: Sections 121.683(a)(1), 135.63(a)(3), 135.63(a)(4)(x), 135.63(a)(5), and 135.63(b) are effective November 18, 1994.

Compliance Date: March 1, 1995.

FOR FURTHER INFORMATION CONTACT:

Donell Pollard, Air Transportation Division, AFS-203, Flight Standards Service, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone (202) 267-3735.

SUPPLEMENTARY INFORMATION: On August 15, 1994, the Federal Aviation Administration issued a final rule requiring air carriers, air taxi, and commercial operators to provide duty period scheduling limitations and rest requirements for flight attendants engaged in air transportation and air commerce [59 FR 42974; August 19, 1994]. At the time of issuance, the burden associated with the recordkeeping requirements had not been approved by the Office of Management and Budget (OMB); therefore, those sections of the final rule did not have an effective date. On August 17, 1994, OMB approved the burden associated with the recordkeeping requirements under OMB Control No. 2120-0585 through July 31, 1997. The FAA hereby gives notice of that approval and the effective date for the affected sections of the final rule. A copy of the OMB approval may be examined in Docket No. 27229 in the FAA Rules Docket, room 915G, 800 Independence Ave., SW, Washington, DC 20591.

The Amendment

For the reasons stated above, the effective date of sections 121.683(a)(1), 135.63(a)(3), 135.63(a)(4)(x), 135.63(a)(5), and 135.63(b) is November 18, 1994.

List of Subjects in 14 CFR Part 11

Administrative practice and procedure, Reporting and recordkeeping requirements.

In addition, the FAA amends part 11 of the Federal Aviation Regulations (14 CFR part 11) as follows:

PART 11—GENERAL RULEMAKING PROCEDURES

1. The authority citation for part 11 continues to read as follows:

Authority: 49 app. U.S.C. 1341(a), 1343(d), 1348, 1354(a), 1401 through 1405, 4121 through 1431, 1481, and 1502; 49 U.S.C. 106(g).

2. Section 11.101 is amended by adding new section numbers in numerical order and OMB Control Numbers to the table in paragraph (b) as follows:

§ 11.101 OMB Control numbers assigned pursuant to the Paperwork Reduction Act

* * * * *

(b) Display.

14 CFR part or section identified and described	Current OMB No.
§ 121.683	2120-0585
§ 135.63	2120-0585

Issued in Washington, DC, on October 7, 1994.

David R. Harrington,

Director, Flight Standards Service.

[FR Doc. 94-25895 Filed 10-18-94; 8:45 am]

BILLING CODE 4910-13-M

14 CFR Part 25

[Docket No. NM-99; Special Conditions No. 25-ANM-89]

Special Conditions: Fokker Model F28 Mark 0070 Airplanes, High Intensity Radiated Fields (HIRF)

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final special conditions; request for comments.

SUMMARY: These special conditions are issued for Fokker Model F28 Mark 0070 airplanes manufactured by Fokker Aircraft B.V. of Schiphol the Netherlands. These airplanes are equipped with electrical and electronic systems (such as the digital electronic flight instrument system (EFIS)), which perform critical functions. The applicable regulations do not contain adequate or appropriate safety standards for the protection of these systems from the effects of high-intensity radiated fields (HIRF). These special conditions provide the additional safety standards that the Administrator considers necessary to ensure that the critical functions performed by these systems are maintained when the airplane is exposed to HIRF.

DATES: The effective date of these special conditions is October 6, 1994; Comments must be received on or before December 5, 1994.

ADDRESSES: Comments on these final special conditions; request for comments, may be mailed in triplicate to: Federal Aviation Administration, Transport Airplane Directorate (ANM-100), Docket No. NM-99, 1601 Lind Avenue SW., Renton, Washington, 98055-4056; or delivered in triplicate to the Transport Standards Staff at the above address. Comments must be marked "Docket No. NM-99." Comments may be inspected in the Rules Docket weekdays, except Federal holidays, between 7:30 a.m. and 4:00 p.m.

FOR FURTHER INFORMATION CONTACT:

Tim Dulin, FAA, Standardization Branch, ANM-113, Transport Airplane Directorate, Aircraft Certification Service, 1601 Lind Avenue SW., Renton, Washington 98055-4056; telephone (206) 227-2141.

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA has determined that good cause exists for making these special conditions effective upon issuance; however, interested persons are invited to submit such written data, views, or arguments as they may desire. Communications should identify the regulatory docket and special conditions number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments will be considered by the Administrator. These special conditions may be changed in light of the comments received. All comments submitted will be available in the Rules Docket for examination by interested persons, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerning this rulemaking will be filed in the docket. Persons wishing the FAA to acknowledge receipt of their comments submitted in response to this request must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket No. NM-99." The postcard will be date stamped and returned to the commenter.

Background

On September 17, 1993, Fokker Aircraft B.V. of Schiphol the Netherlands, applied for an amendment to Type Certificate A20EU to incorporate the Model F28 Mark 0070. This airplane is a derivative of the Fokker Model F28 Mark 0100, approved April 21, 1989. The changes include: removal of two plug sections forward and aft of the wing to decrease overall length by 182 inches; two cargo doors in lieu of three; modifications of the aft cargo door due to space constraints associated with the shorter fuselage; one pair of Type III overwing exists in lieu of two pair, and a new nose wheel tire chine. Both the Model F28 Mark 0070 and new production of the Model F28 Mark 0100 will incorporate a hydraulic stick pusher in lieu of a pneumatic stick pusher, new stabilizer control unit, and a new interior. The Model F28 Mark 0070 will have a maximum seating capacity of 79 passengers.

Amended Type Certification Basis

Under the provisions of § 21.101 of the Federal Aviation Regulations (FAR), Fokker must show that the Model F28 Mark 0070 meets the applicable provisions of the regulations incorporated by reference in Type Certificate No. A20EU, or the applicable regulations in effect on the date of application for the Model F28 Mark 0070. The regulations incorporated by reference in the type certificate are commonly referred to as the "original type certification basis."

The regulations incorporated by reference in Type Certificate No. A20EU for the Model F28 Mark 0070 are part 25 of the FAR, as amended by Amendment 25-1 through 25-60 with certain exceptions which are not relevant to these special conditions. In addition, Fokker has elected to show compliance with certain later requirements which are also not relevant to these special conditions. These special conditions will form an additional part of the certification basis.

If the Administrator finds that the applicable airworthiness regulations (i.e., part 25, as amended) do not contain adequate or appropriate safety standards for the Fokker Model F28 Mark 0070 because of a novel or unusual design feature, special conditions are prescribed under the provisions of § 21.16 to establish a level of safety equivalent to that established in the regulations.

Special conditions, as appropriate, are issued in accordance with § 11.49 of the FAR after public notice, as required by §§ 11.28 and 11.29, and become part of the type certification basis in accordance with § 21.101(b)(2).

Special conditions are initially applicable to the model for which they are issued. Should the type certificate for that model be amended at a later date to include any other model that incorporates the same novel or unusual design feature, or should any other model already included on the same type certificate be modified to incorporate the same novel or unusual design feature, the special conditions would also apply to the other model under the provisions of § 21.101(a)(1).

Discussion

There is no specific regulation that addresses protection requirements for electrical and electronic systems from HIRF. Increased power levels from ground-based radio transmitters, and the growing use of sensitive electrical and electronic systems to command and control airplanes, have made it necessary to provide adequate protection.

To ensure that a level of safety is achieved equivalent to that intended by the regulations incorporated by reference, special conditions are needed for the Model F28 Mark 0070 that would require that the electrical and electronic systems which perform critical functions such as the EFIS be designed and installed to preclude component damage and interruption of function due to the effects of HIRF.

High-Intensity Radiated Fields (HIRF)

With the trend toward increased power levels from ground-based transmitters, plus the advent of space and satellite communications, coupled with electronic command and control of the airplane, the immunity of critical digital avionics systems, such as the EFIS, to HIRF must be established.

It is not possible to precisely define the HIRF to which the airplane will be exposed in service. There is also uncertainty concerning the effectiveness of airframe shielding for HIRF. Furthermore, coupling to cockpit-installed equipment through the cockpit window apertures is undefined. Based on surveys and analysis of existing HIRF emitters, an adequate level of protection exists when compliance with the HIRF protection special condition is shown with either paragraphs 1 or 2 below:

1. A minimum threat of 100 volts per meter peak electric field strength from 10 KHz to 18GHz.

a. The threat must be applied to the system elements and their associated wiring harnesses without the benefit of airframe shielding.

b. Demonstration of this level of protection is established through system tests and analysis.

2. A threat external to the airframe of the following field strengths for the frequency ranges indicated.

Frequency	Peak (V/M)	Average (V/M)
10 KHz-100 KHz	50	50
100 KHz-500 KHz	60	60
500 KHz-2 MHz	70	70
2 MHz-30 MHz	200	200
30 MHz-100 MHz	30	30
100 MHz-200 MHz	150	33
200 MHz-400 MHz	70	70
400 MHz-700 MHz	4,020	935
700 MHz-1 GHz	1,700	170
1 GHz-2 GHz	5,000	990
2 GHz-4 GHz	6,680	840
4 GHz-6 GHz	6,850	310
6 GHz-8 GHz	3,600	670
8 GHz-12 GHz	3,500	1,270
12 GHz-18 GHz	3,500	360
18 GHz-40 GHz	2,100	750

The envelope given in paragraph 2 above is a revision to the envelope used in previously issued special conditions

in other certification projects. It is based on new data and SAE AE4R subcommittee recommendations. This revised envelope includes data from Western Europe and the U.S.

As discussed above, these special conditions are applicable to Fokker Model F28 Mark 0070 airplanes manufactured by Fokker Aircraft B.V. of the Netherlands. Should Fokker apply at a later date for a change to the type certificate to include another model incorporating the same novel or unusual design feature, these special conditions would apply to that model as well, under the provisions of § 21.101(a)(1).

Conclusion

This action affects only certain unusual or novel design features on the Fokker Model F28 Mark 0070 airplanes. It is not a rule of general applicability and affects only the manufacturer who applied to the FAA for approval of these features on the airplane.

The substance of the special conditions for these airplanes has been subjected to the notice and comment procedure in several prior instances and has been derived without substantive change from those previously issued. It is unlikely that prior public comment would result in a significant change from the substance contained herein. For this reason, and because a delay would significantly affect the certification of the airplane, which is imminent, the FAA has determined that prior public notice and comment are unnecessary and impracticable, and good cause exists for adopting these special conditions immediately. Therefore, these special conditions are being made effective upon issuance. The FAA is requesting comments to allow interested persons to submit views that may not have been submitted in response to the prior opportunities for comment described above.

List of Subjects in 14 CFR Part 25

Aircraft, Aviation safety, Reporting and recordkeeping requirements.

The authority citation for these special conditions is as follows:

Authority: 49 U.S.C. app. 1344, 1348(c), 1352, 1354(a), 1355, 1421 through 1431, 1502, 1651(b)(2), 42 U.S.C. 1857f-10, 4321 et seq.; E.O. 11514; and 49 U.S.C. 106(g).

The Special Conditions

Accordingly, pursuant to the authority delegated to me by the Administrator, the following special conditions are issued as part of the type certification basis for the Fokker Model F28 Mark 0070 airplanes:

1. *Protection from Unwanted Effects of High Intensity Radiated Fields*

(HIRF). Each electrical and electronic system that performs critical functions must be designed and installed to ensure that the operation and operational capability of these systems to perform critical functions are not adversely affected when the airplane is exposed to high-intensity radiated field external to the airplane.

2. The following definition applies with respect to this special condition: *Critical Function*. Functions whose failure would contribute to or cause a failure condition that would prevent the continued safe flight and landing of the airplane.

Issued in Renton, Washington, on October 6, 1994.

Neil D. Schalekamp,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 94-25897 Filed 10-18-94; 8:45 am]
BILLING CODE 4910-13-M

DEPARTMENT OF COMMERCE

Bureau of Export Administration

15 CFR Parts 773, 778, and 799

[Docket No. 941081-4281]

RIN 0694-AB05

Revisions to the Export Administration Regulations: Exports of Sample Shipments and Mixtures Containing Precursor and Intermediate Chemicals; Revision to Australia Group Members

AGENCY: Bureau of Export Administration, Commerce.

ACTION: Interim rule.

SUMMARY: The Bureau of Export Administration (BXA) maintains the Commerce Control List (CCL), which appears in the Export Administration Regulations (EAR). This rule amends the CCL by revising Export Control Classification Number (ECCN) 1C60. This ECCN controls dual-use precursors and intermediate chemicals useful in the production of chemical warfare agents. In addition this rule makes an editorial correction by removing ECCN 1C64E for Di-isopropylcarbodiimide (C.A.S. #693-13-0) and di-cyclohexocarbodiimide (C.A.S. #538-75-0), which was inadvertently readmitted to the Commerce Control List. The changes made by this rule are based on recent discussions in the Australia Group (AG).

Finally, this rule revises the list of countries eligible to receive Australia Group (AG) benefits under U.S. regulations to include the Czech Republic and remove Turkey.

DATES: This rule is effective October 19, 1994. The reporting requirement for sample shipments will not be applicable until January 17, 1995. Comments must be received by November 18, 1994.

ADDRESSES: Written comments (six copies) should be sent to Sharron Cook, Bureau of Export Administration, Department of Commerce, P.O. Box 273, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: For questions on foreign policy controls, call Patricia Sefcik, Bureau of Export Administration, Telephone: (202) 482-0707.

For questions of a technical nature on chemical weapon precursors, biological agents, and equipment that can be used to produce chemical and biological weapons agents, call James Seevaratnam, Bureau of Export Administration, Telephone: (202) 482-2729.

SUPPLEMENTARY INFORMATION:

Background

At the December 1993 meeting of the Australia Group, the delegates discussed certain technical revisions in the Australia Group's harmonized controls on chemical weapons precursors. The changes discussed at the meeting were further modified at the May 1994 meeting, and are contained in this interim rule. These changes refine the scope of controls on exports of sample shipments and mixtures containing controlled precursor and intermediate chemicals. This rule does not address controls on biological agents.

This interim rule revises ECCN 1C60, which controls precursor and intermediate chemicals useful in the production of chemical warfare agents, as follows:

ECCN 1C60

(1) Note 1 to 1C60 is revised to modify the general license treatment for sample shipments containing controlled chemical precursors to eligible destinations (all destinations except Iran, Syria, Country Groups S and Z, and countries subject to an embargo administered by the Department of the Treasury). Previously, all 54 precursor chemicals were eligible for sample shipments. Under the revised rule 0-Ethyl-2-diisopropylaminoethyl methylphosphonite (QL) (C.A.S. #57856-11-8), Ethylphosphonyl difluoride (C.A.S. #753-98-0), and Methylphosphonyl difluoride (C.A.S. #676-99-3) are not eligible for sample shipments. General license treatment for sample shipments to eligible destinations has been available for a single sample shipment of a 55-gallon

container or less of each chemical to any one consignee per calendar year. Exporters may continue to export a single sample shipment of a 55-gallon container (or approximately 200 kg) or less of each chemical except the three excluded chemicals, for research or evaluation purposes to any one consignee per calendar year. The exporter is now required to submit, to BXA within 30 days of each sample shipment, a written report on company letterhead stationery that details the chemical(s), Chemical Abstract Service Registry (C.A.S.) number(s), quantity(ies), the ultimate consignee's name and address, and the date exported. Information contained in the reports is subject to applicable confidentiality provisions.

(2) Note 2 to 1C60 is revised to modify control of exports and reexports of mixtures that contain controlled chemical precursors. Previously, controls on controlled chemicals extended to any mixtures containing those chemicals, unless the chemical was merely an impurity that was not intentionally added or was a normal ingredient in consumer goods intended for retail sales. This revision adds a three tier approach to a Note regarding mixtures under ECCN 1C60. The first tier lists three chemicals that require a validated license "regardless of the concentrations in the mixture". The second tier lists twenty chemicals that require a validated license when at least one of the precursors constitutes more than 10 percent of the weight of the mixture on a solvent free basis. The third tier includes the remaining precursor chemicals, not already covered by the first two tiers, and explains that a validated license is required if at least one of the precursors constitutes more than 25 percent of the weight of the mixture on a solvent free basis. The retail product exemption is continued, regardless of percentage of the controlled chemical, provided the product is formulated as a consumer good packaged for retail sale for personal use. The exemption for unintended impurities is removed since such impurities generally fall within one of the applicable de minimis levels. This rule also provides a definition of "mixtures".

In light of the changes made by this rule, it is the Department's position that the provisions of § 776.12 of the EAR do not apply to mixtures containing controlled chemical precursors, because mixing of chemicals does not constitute incorporation within the meaning of § 776.12.

Turkey has been removed from the list of countries excepted from the

requirement for a validated license under Export Control Classification Number (ECCN) 1C60C. Because the Government of Turkey has not adopted AG-comparable export controls, a validated license is required for all AG-list chemical precursors identified under ECCN 1C60C until such time as appropriate export controls are in place.

Finally, this rule adds the Czech Republic to the list of countries exempted from certain validated license requirements on the basis of its recent membership in the 26-nation Australia Group.

In addition, this rule revises § 778.8(a)(1)(i) for conformity and consistency.

Saving Clause

Shipments of items removed from general license authorizations as a result of this regulatory action that were on dock for loading, on lighter, laden aboard an exporting carrier, or en route aboard a carrier to a port of export pursuant to actual orders for export before October 19, 1994 may be exported under the previous general license provisions up to and including November 16, 1994. Any such items not actually exported before midnight November 16, 1994, require a validated export license in accordance with this regulation.

Rulemaking Requirements

1. This interim rule has been determined to be not significant for the purposes of Executive Order 12866.

2. This rule involves collections of information subject to the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*). These collections have been approved by the Office of Management and Budget under control numbers 0694-0005, 0694-0010, 0694-0023 and 0694-0067. This rule imposes a new requirement that has been submitted to the Office of Management and Budget for review under the Paperwork Reduction Act. Public burden for the collection contained within the rulemaking is estimated to average one-half hour per response. This includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding these burden estimates or any other aspect of the data requirements, including suggestions for reducing this burden, to the Office of Security and Management Support, Room 4513, Bureau of Export Administration, U.S. Department of Commerce, Washington, DC 20230; and to the Office of Information and

Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attn: Paperwork Reduction Project—0694-XXXX).

3. This rule does not contain policies with Federalism implications sufficient to warrant preparation of a Federalism assessment under Executive Order 12612.

4. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by section 553 of the Administrative Procedure Act (5 U.S.C. 553) or by any other law, under sections 3(a) of the Regulatory Flexibility Act (5 U.S.C. 603(a) and 604(a)) no initial or final Regulatory Flexibility Analysis has to be or will be prepared.

5. The provisions of the Administrative Procedure Act, (5 U.S.C. 553), requiring notice of proposed rulemaking, the opportunity for public participation, and a delay in effective date, are inapplicable because this regulation involves a military or foreign affairs function of the United States. No other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this rule.

However, because of the importance of the issues raised by these regulations, this rule is issued in interim form and comments will be considered in the development of final regulations. Accordingly, the Department encourages interested persons who wish to comment to do so at the earliest possible time to permit the fullest consideration of their views.

The period for submission of comments will close November 18, 1994. The Department will consider all comments received before the close of the comment period in developing final regulations. Comments received after the end of the comment period will be considered if possible, but their consideration cannot be assured. The Department will not accept public comments accompanied by a request that a part or all of the material be treated confidentially because of its business proprietary nature or for any other reason. The Department will return such comments and materials to the person submitting the comments and will not consider them in the development of final regulations. All public comments on these regulations will be a matter of public record and will be available for public inspection and copying. In the interest of accuracy and completeness, the Department requires comments in written form.

Oral comments must be followed by written memoranda, which will also be a matter of public record and will be

available for public review and copying. Communications from agencies of the United States Government or foreign governments will not be made available for public inspection.

The public record concerning these regulations will be maintained in the Bureau of Export Administration Freedom of Information Records Inspection Facility, Room 4525, Department of Commerce, 14th Street and Pennsylvania Avenue, NW., Washington, DC 20230. Records in this facility, including written public comments and memoranda summarizing the substance of oral communications, may be inspected and copied in accordance with regulations published in Part 4 of Title 15 of the Code of Federal Regulations. Information about the inspection and copying of records at the facility may be obtained from Edward Lingelbach, Bureau of Export Administration Freedom of Information Officer, at the above address or by calling (202) 482-5653.

List of Subjects

15 CFR Part 773 and 799

Exports, Reporting and recordkeeping requirements.

15 CFR Part 778

Exports, Nuclear energy, Reporting and recordkeeping requirements.

Accordingly, Parts 773, 778 and 799 of the Export Administration Regulations (15 CFR Parts 730-799) are amended as follows:

1. The authority citations for 15 CFR Part 773 and 778 continue to read as follows:

Authority: Pub. L. 90-351, 82 Stat. 197 (18 U.S.C. 2510 *et seq.*), as amended; Pub. L. 95-223, 91 Stat. 1626 (50 U.S.C. 1701 *et seq.*); Pub. L. 95-242, 92 Stat. 120 (22 U.S.C. 3201 *et seq.* and 42 U.S.C. 2139a); Pub. L. 96-72, 93 Stat. 503 (50 U.S.C. App. 2401 *et seq.*), as amended (extended by Pub. L. 103-10, 107 Stat. 40 and Pub. L. 103-277, 108 Stat. 1407); E.O. 12002 of July 7, 1977 (42 FR 35623, July 7, 1977), as amended; E.O. 12058 of May 11, 1978 (43 FR 20947, May 16, 1978); E.O. 12214 of May 2, 1980 (45 FR 29783, May 6, 1980); E.O. 12735 of November 16, 1990 (55 FR 48587, November 20, 1990), as continued by Notice of November 12, 1993 (58 FR 60361, November 15, 1993); E.O. 12851 of June 11, 1993 (58 FR 33181, June 15, 1993); E.O. 12867 of September 30, 1993 (58 FR 51747, October 4, 1993); E.O. 12930 of September 29, 1994 (59 FR 50475, October 3, 1994); E.O. 12924 of August 19, 1994 (59 FR 43437 of August 23, 1994).

2. The authority citation for 15 CFR Part 799 continues to read as follows:

Authority: 50 U.S.C. App. 5, as amended; Pub. L. 264, 59 Stat. 619 (22 U.S.C. 287c), as

amended; Pub. L. 90-351, 82 Stat. 197 (18 U.S.C. 2510 *et seq.*), as amended; sec. 101, Pub. L. 93-153, 87 Stat. 576 (30 U.S.C. 185), as amended; sec. 103, Pub. L. 94-163, 89 Stat. 877 (42 U.S.C. 6212), as amended; secs. 201 and 201(1)(e), Pub. L. 94-258, 90 Stat. 309 (10 U.S.C. 7420 and 7430(e)), as amended; Pub. L. 95-223, 91 Stat. 1626 (50 U.S.C. 1701 *et seq.*); Pub. L. 95-242, 92 Stat. 120 (22 U.S.C. 3201 *et seq.* and 42 U.S.C. 2139a); sec. 208, Pub. L. 95-372, 92 Stat. 668 (43 U.S.C. 1354); Pub. L. 96-72, 93 Stat. 503 (50 U.S.C. App. 2401 *et seq.*), as amended; sec. 125, Pub. L. 99-64, 99 Stat. 156 (46 U.S.C. 466c); Pub. L. 102-484, 106 Stat. 2575 (22 U.S.C. 6004); E.O. 11912 of April 13, 1976 (41 FR 15825, April 15, 1976); E.O. 12002 of July 7, 1977 (42 FR 35623, July 7, 1977), as amended; E.O. 12058 of May 11, 1978 (43 FR 20947, May 16, 1978); E.O. 12214 of May 2, 1980 (45 FR 29783, May 6, 1980); E.O. 12735 of November 16, 1990 (55 FR 48587, November 20, 1990), as continued by Notice of November 12, 1993 (58 FR 60361, November 15, 1993); E.O. 12851 of June 11, 1993 (58 FR 33181, June 15, 1993); E.O. 12867 of September 30, 1993 (58 FR 51747, October 4, 1993); E.O. 12930 of September 29, 1994 (59 FR 50475, October 3, 1994); E.O. 12918 of May 26, 1994 (59 FR 28205, May 31, 1994); and E.O. 12924 of August 19, 1994 (59 FR 43437 of August 23, 1994).

PART 773—[AMENDED]

3. Section 773.9 is amended by revising paragraph (a)(1) and the notice at the end of paragraph (l) to read as follows:

§ 773.9 Special Chemical License.

* * * * *

(a) * * *

(1) Precursor and intermediate chemicals controlled under ECCNs 1C60C; and

* * * * *

(l) * * *

These commodities were authorized for export from the United States under a Special Chemical License procedure on the condition that they may not be reexported without prior approval from the United States authorities. This prior approval is not required for reexports to Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

* * * * *

PART 778—[AMENDED]

4. Section 778.8 is amended:

- By revising paragraph (a)(1);
- By revising paragraph (a)(5)(i);
- By revising paragraph (a)(5)(iv)(B);
- By revising paragraph (a)(5)(v), to read as follows:

§ 778.8 Chemical precursors and biological agents, and associated equipment, software, and technology.

(a) * * *

(1) Chemicals identified in ECCN 1C60 require a validated license for export from the United States to all destinations except Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

(i) A validated license is required for chemical mixtures containing any chemicals identified in ECCN 1C60, except as specified in Note 2 to the ECCN.

(ii) A validated license is not required, except for Country Groups S and Z, for chemical compounds created with any chemicals identified in 1C60, unless those compounds are also identified in 1C60, or identified elsewhere in the EAR as controlled. See Note 3 to ECCN 1C60.

* * * * *

(5) * * *

(i) General License GTDU, as authorized in ECCN 1E60C, is not available for technical data for the production of chemical precursors described in paragraph (a)(1) of this section, except to Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom;

* * * * *

(iv) * * *

(B) This prohibition on use of General License GTDU, as authorized in ECCN 1E60C, does not apply to export to Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

(v) General License GTDU, as authorized in ECCN 1E60C, is available only to Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom, for software for process control that is specifically configured to

control or initiate the production of chemical weapons precursors controlled by ECCN 1C60.

5. Section 778.9 is amended by revising paragraph (c) to read as follows:

§ 778.9 Activities of U.S. persons.

(c) No U.S. person shall, without a validated license or other authorization by BXA, participate in the design, construction, or export of a whole plant to make chemical weapons precursors identified in ECCN 1C60, in countries other than Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

PART 799—[AMENDED]

Supplement No. 1 to § 799.1 [Amended]

6. In Category 1 (Materials), ECCN 1C64E is removed and ECCNs 1B70E, 1B71E, 1C60C, 1D60C and 1E60C are amended by revising the *Requirements* section, to read as follows:

1B70E Equipment That Can be Used in the Production of Chemical Weapons Precursors and Chemical Warfare Agents

Requirements

Validated License Required: SZ, Supplement No. 5 to part 778 of this subchapter (see *Note*)

Unit: number

Reason for Control: CB

GLV: \$0

GCT: No

GFW: No

Note: Special Chemical License Available: see § 773.9 of this subchapter.

1B71E Equipment That Can be Used in the Production of Biological Weapons

Requirements

Validated License Required: SZ, Supplement No. 5 to part 778 of this subchapter (see *Note*)

Unit: number

Reason for Control: CB

GLV: \$0

GCT: No

GFW: No

Note: Special Chemical License Available: see § 773.9 of this subchapter.

1C60C Precursor and Intermediate Chemicals Used in the Production of Chemical Warfare Agents

Requirements

Validated License Required: QSTVWYZ, except Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. (see *Note* 4)

Unit: Liters or kilograms as appropriate

Reason for Control: CB

GLV: \$0

GCT: No

GFW: No

Notes: 1. *Sample Shipments:*

a. The following chemicals are not eligible for sample shipments: O-Ethyl-2-diisopropylaminoethyl methylphosphonite (QL) (C.A.S. #57856-11-8), Ethylphosphonyl difluoride (C.A.S. #753-98-0), and Methylphosphonyl difluoride (C.A.S. #676-99-3).

b. The following countries are not eligible to receive sample shipments: Iran, Syria, Country Groups S and Z, and countries subject to an embargo administered by the Department of the Treasury.

c. Except as provided in paragraphs a and b of this note, a validated license is not required for single sample shipment of a 55-gallon container (or approximately 200 kg) or less of each chemical for research or evaluation purposes to any one consignee per calendar year. The exporter is required to submit within 30 days of each sample shipment a written report on company letterhead stationery identifying the chemical(s), Chemical Abstract Service Registry (C.A.S.) number(s), quantity(ies), the ultimate consignee's name and address, and the date exported. The report should be sent to the Bureau of Export Administration, Room 2705, Washington, DC 20230, clearly marked "Report of Sample Shipments of Chemical Precursors" at the top of the first page and on the envelope.

2. *Mixtures:* Mixtures that contain concentrations of chemicals controlled under this ECCN 1C60 are controlled as precursors, as follows:

a. A Validated License is required, regardless of the concentrations in the mixture, for the following chemicals: O-Ethyl-2-diisopropylaminoethyl methylphosphonite (QL) (C.A.S. #57856-11-8), Ethylphosphonyl difluoride (C.A.S. #753-98-0) and Methylphosphonyl difluoride (C.A.S. #676-99-3);

b. A Validated License is required, when at least one of the following chemicals constitutes more than 10 percent of the weight of the mixture on a solvent free basis: Arsenic trichloride (C.A.S. #7784-34-1), Benzoic acid (C.A.S. #76-93-7), Diethyl ethylphosphonate (C.A.S. #78-38-6), Diethyl methylphosphonite (C.A.S. #15715-41-0), Diethyl-N,N-dimethylphosphoramidate (C.A.S. #2404-03-7), N,N-Diisopropyl-beta-

aminoethane thiol (C.A.S. #5842-07-9), N,N-Diisopropyl-2-aminoethyl chloride hydrochloride (C.A.S. #4261-68-1), N,N-Diisopropyl-beta-aminoethanol (C.A.S. #96-80-0), N,N-Diisopropyl-beta-aminoethyl chloride (C.A.S. #96-79-7), Dimethyl ethylphosphonate (C.A.S. #6163-75-3), Dimethyl methylphosphonate (C.A.S. #756-79-6), Ethylphosphonous dichloride [Ethylphosphinyl dichloride] (C.A.S. #1498-40-4), Ethylphosphonous difluoride [Ethylphosphinyl difluoride] (C.A.S. #430-78-4), Ethylphosphonyl dichloride (C.A.S. #1066-50-8), Methylphosphonous dichloride [Methylphosphinyl dichloride] (C.A.S. #676-83-5), Methylphosphonous difluoride [Methylphosphinyl difluoride] (C.A.S. #753-59-3), Methylphosphonyl dichloride (C.A.S. #676-97-1), Pinacolyl alcohol (C.A.S. #464-07-3), 3-Quinuclidinol (C.A.S. #1619-34-7), and Thiodiglycol (C.A.S. #111-48-8);

c. A Validated License is required, when at least one of all other chemicals in the List of Items Controlled constitutes more than 25 percent of the weight of the mixture on a solvent free basis; and

d. A Validated License is not required for mixtures when the controlled chemical is a normal ingredient in consumer goods packaged for retail sale for personal use.

3. *Compounds:* A validated license is not required, except for Country Groups S and Z, for chemical compounds created with any chemicals identified in 1C60, unless those compounds are also identified in 1C60, or identified elsewhere in the CCL as controlled.

4. *Special Chemical License Available:* see § 773.9 of this subchapter.

Technical Note: For purposes of this ECCN 1C60, a "mixture" is defined as a solid, liquid or gaseous product made up of two or more components that do not react together under normal storage conditions.

1D60C Software for Process Control That is Specifically Configured To Control or Initiate Production of the Chemical Precursors Controlled by ECCN 1C60

Requirements

Validated License Required: QSTVWYZ, except Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

Unit: \$ value

Reason for Control: CB

GTDR: No

GTDU: Only to countries listed above as not subject to validated license

1E60C Technology for the Production and/or Disposal of Chemical Precursors Described in ECCN 1C60C, and Technology As Described in the List Below for Facilities Designed or Intended To Produce Chemicals Described in ECCN 1C60.

Requirements

Validated License Required: QSTVWYZ, except Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

Reason for Control: CB

GTDR: No

GTDU: Only to countries listed above as not subject to validated license

* * * * *

7. In Supplement No. 1 to § 799.2, the introductory text to Interpretation 23 is revised to read as follows:

Supplement No. 1 to § 799.2— Interpretations

* * * * *

Interpretation 23: Precursor Chemicals

Following is a list of chemicals controlled by ECCN 1C60C that includes their Chemical Abstract Service Registry (C.A.S.) number and synonyms (i.e., alternative names). These chemicals require a validated license to all countries except Argentina, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

* * * * *

Dated: October 13, 1994.

Sue E. Eckert,
Assistant Secretary for Export
Administration.

[FR Doc. 94-25781 Filed 10-18-94; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 200, 229, 239, 240, 270,
and 274

[Release Nos. 33-7102; 34-34832; IC-
20614; S7-33-93]

RIN 3235-AA69

Amendments to Proxy Rules for Registered Investment Companies

AGENCY: Securities and Exchange
Commission.

ACTION: Final amendments to rules and forms; rescission of rules.

SUMMARY: The Securities and Exchange Commission (the "Commission") is adopting rule and form amendments relating to the proxy rules applicable to registered investment companies under the Investment Company Act of 1940 and the Securities Exchange Act of 1934 to revise the information required in investment company proxy statements. The amendments are intended to improve the disclosure provided to investment company shareholders in proxy statements.

DATES: Effective Date: The new amendments to the proxy rules are effective on November 23, 1994.

Compliance Date: Only proxy statements filed on or after January 23, 1995, must comply with the new rules.

FOR FURTHER INFORMATION CONTACT: Kathleen K. Clarke, Special Counsel, or Kenneth J. Berman, Deputy Chief, Office of Disclosure and Investment Adviser Regulation, Division of Investment Management, (202) 942-0721, Securities and Exchange Commission, 450 Fifth Street, NW., Mail Stop 10-6, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission today is adopting amendments to:

(1) Schedule 14A [17 CFR 240.14a-101] under the Securities Exchange Act of 1934 [15 U.S.C. 78a *et seq.*] (the "1934 Act") to add a new item 22 that includes the specific requirements applicable to the proxy statements of management investment companies ("funds") registered under the Investment Company Act of 1940 [15 U.S.C. 80a-1 *et seq.*] (the "1940 Act") and to modify the application of certain items to fund proxy statements. Item 22 replaces rules 20a-2, 20a-3, and 20a-4 under the 1940 Act [17 CFR 270.20a-2 through 20a-4], which are rescinded;

(2) Regulation 14A [17 CFR 240.14a-1] under section 14(a) of the 1934 Act [15 U.S.C. 78n(a)], Regulation 14C [17 CFR 240.14c-1] under section 14(c) of the 1934 Act [15 U.S.C. 78n(c)], Regulation S-K [17 CFR 229 *et seq.*], and related rules to clarify the applicability of certain disclosure requirements to funds and to exempt funds from certain proxy disclosure requirements;

(3) Rule 30d-1 [17 CFR 270.30d-1] and Forms N-1A [17 CFR 274.11A], N-2 [17 CFR 274.11a-1], and N-3 [17 CFR 274.11b] to conform certain disclosure requirements to the new proxy statement requirements, and to make certain other technical and conforming changes; and

(4) Form N-14 [17 CFR 239.23], the form used by funds to register securities issued in connection with business combination transactions, to require a comparative fee table in the disclosure documents delivered in connection with such transactions.

The amendments update fund proxy rules to reflect current matters on which fund shareholders are commonly asked to vote and are designed to improve the disclosure provided to shareholders and to simplify the preparation of fund proxy statements.

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Executive Summary

The Commission is adopting revisions to the disclosure requirements for fund proxy statements to update the proxy disclosure requirements for funds and to simplify the preparation of fund proxies. The amendments consolidate into a new item 22 in Schedule 14A disclosure requirements previously set forth in rules 20a-2, 20a-3, and 20a-4. The disclosure requirements of these rules, as modified by the amendments, are incorporated in proposed item 22, and these rules are rescinded. Item 22 includes:

(i) in paragraph (a), definitions applicable to item 22 and certain general requirements;

(ii) in paragraph (b), disclosure requirements applicable to solicitations in connection with the election of directors;

(iii) in paragraph (c), disclosure requirements applicable to solicitations in connection with approval of an investment advisory contract or an amendment thereto; and

(iv) in paragraph (d), disclosure requirements applicable to solicitations in connection with a distribution plan

pursuant to rule 12b-1 under the 1940 Act [17 CFR 270.12b-1].

Item 22 eliminates certain of the current disclosure requirements concerning matters that are not directly relevant to solicitations to elect directors or to approve an investment advisory contract. Item 22 includes provisions designed to improve the disclosure provided to shareholders, including, among other things, a table showing all compensation paid to directors. This item also specifies information required in fund proxy statements when a fund seeks approval of a distribution plan under rule 12b-1.

The Commission also is adopting other amendments to the general proxy requirements in Regulation 14A and Schedule 14A, Regulation 14C, and related requirements in Regulation S-K to accommodate item 22 and to make certain requirements more appropriate to disclosure for funds.

I. Discussion

On December 16, 1993, the Commission issued a release proposing amendments to the proxy rules applicable to funds under the 1940 Act.¹ The proposed amendments were intended to update the proxy rules to reflect current matters on which fund shareholders are typically asked to vote and changes in the fund industry since the proxy rules were adopted in 1960. The amendments also were designed to improve the disclosure provided to shareholders in fund proxy statements by placing greater emphasis on information that is directly relevant to specific matters submitted to a shareholder vote and by eliminating disclosure that may not be pertinent to the matters being voted upon and which is, in most cases, available in other disclosure documents. The Commission received twelve comment letters in response to the proposed amendments.² Commenters generally expressed strong support for the proposed amendments. The Commission is adopting the proposed amendments with some modifications to reflect the comments received.

A. Item 22 of Schedule 14A: Reorganization of Disclosure Rules

The Commission is consolidating into a new item 22 to Schedule 14A disclosure requirements set forth in

rules 20a-2 and 20a-3.³ Previously, funds preparing proxy statements had to refer to rules under both the 1934 Act and the 1940 Act including Regulation 14A and Schedule 14A under the 1934 Act, Regulation S-K,⁴ and rules 20a-2 and 20a-3 under the 1940 Act. Commenters strongly supported the consolidation of proxy disclosure requirements in item 22.

As discussed in more detail below, the Commission has deleted or revised certain provisions currently in rules 20a-2 and 20a-3 and added new requirements, including, among other things, a table showing compensation paid to all directors.⁵ In addition, item 22 specifies information required in fund proxy statements when a fund seeks approval of a distribution plan under rule 12b-1 ("Rule 12b-1 Plan").⁶

B. General Provisions: Item 22(a)

1. Proxy Statement Format; Summary Table

Item 22, as proposed, included a new requirement concerning the format for disclosure when one proxy statement solicits shareholder votes for more than one fund or multiple portfolios of series investment companies ("series funds").⁷ This manner of solicitation, while more

efficient and less costly, may be confusing to shareholders. Therefore, to assist shareholders in identifying proposals applicable to their fund or portfolio, the Commission proposed to require a fund to include a table at the beginning of the proxy statement that summarizes each proposal and indicates which fund or series shareholders are being requested to approve each proposal.

Some commenters opposed the proposed tabular format, asserting that funds should have the flexibility to present the information in other formats. The Commission believes that the tabular format affords ample flexibility for funds to present the information they believe is important, while providing the advantages of a uniform format. The Commission is adopting the proposed item with one change from the proposal:⁸ the summary table requirement, as adopted, also applies to proxy statements for multiple class funds containing multiple proposals affecting different classes.⁹

2. Definitions

The Commission proposed in paragraph (a) of item 22 definitions for certain terms used in item 22. The definitions are adopted substantially as proposed with some modifications to reflect comments on the scope of two of the definitions.

First, the definition of "fund complex" has been modified. The proposed amendments would require disclosure of certain information if a fund director serves as director of more than one fund in a "fund complex," including, for example, the aggregate compensation paid to a director who serves on a number of boards in a fund complex.¹⁰ As proposed, item 22(a) defined a "fund complex" as two or more funds with a common investment

³ These rules are rescinded. Rule 20a-4, which requires a financial data schedule to accompany a proxy filed in connection with certain transactions if the proxy is filed electronically, is also rescinded and incorporated in subparagraph (a)(4) of Item 22. The other items in Schedule 14A continue to be applicable, as appropriate, to fund proxy statements. Schedule 14A includes provisions governing the form and content of all proxy statements. It requires, among other things, information concerning: (i) the date, time, and place of the meeting of shareholders (item 1); (ii) proposals to amend an issuer's charter, by-laws or other corporate documents (item 19); and (iii) voting tabulation procedures (item 21).

⁴ 17 CFR Part 229. Regulation S-K includes the generally applicable disclosure items for filings under, among other things, the 1934 Act.

⁵ The disclosure requirements in item 22 also are applicable to information statements prepared in accordance with Regulation 14C and Schedule 14C [17 CFR 240.14C-101].

⁶ The Commission has adopted minor technical amendments to rule 20a-1 [17 CFR 270.20a-1], the rule that implements the Commission's authority with respect to proxies under section 20(a) of the 1940 Act [15 U.S.C. 80a-20(a)], to delete references to rules 20a-2 and 20a-3 and to add references to, among other things, Regulation 14A and Schedule 14A. In addition, the filing fee requirement in rule 20a-1(c) [17 CFR 270.20a-1(c)] has been moved to subparagraph (a)(2) of item 22.

⁷ A series fund is a fund comprised of two or more portfolios, each of which has a distinct investment objective with assets specifically allocated to that portfolio; investors' interests in such a fund are limited to those portfolios in which they invest. Each portfolio operates for many purposes like a separate fund, although the portfolios are all part of the same business entity with one board of directors. Series funds are specifically permitted under section 18(f)(2) of the 1940 Act [15 U.S.C. 80a-18(f)(2)].

⁸ Subparagraph (a)(3)(ii) of item 22. The table would not be required if the proxy statement solicits a vote or votes on the same proposal or proposals from all fund or series shareholders. To assure that shareholders are not confused in casting their vote, a separate proxy card is required for each fund, portfolio, or class.

⁹ Multiple class funds issue more than one class of securities, with each class typically subject to a different distribution arrangement, but representing interests in the same portfolio of investments. Currently, funds must obtain exemptive orders to implement these type of arrangements. The Commission recently proposed rule and form amendments that would permit a fund to issue multiple classes of securities without the need for an exemptive order. Investment Company Act Rel. No. 19955 (Dec. 16, 1993) [58 FR 68074 (Dec. 23, 1993)].

¹⁰ See *infra* section I.D. The term "fund complex" also is used with respect to disclosure of other directorships of a director. See *infra* note 23 and accompanying text.

¹ Investment Company Act Rel. No. 19957 (Dec. 16, 1993) [58 FR 67729 (Dec. 22, 1993)] ("Proposing Release").

² The comment letters, as well as a comment summary prepared by the Commission's staff, are available for public inspection and copying at the Commission's public reference room in File No. S7-33-93.

adviser (or which have advisers that are affiliates) or, with respect to open-end funds, a common principal underwriter. The Proposing Release requested comment on whether the definition should include groups of funds with common administrators.

The Commission believes it is important to define fund complex in a manner that will result in disclosure of information about directors (particularly concerning compensation) serving on the boards of related funds. As some commenters pointed out, many funds may have common principal underwriters or administrators that solely provide services to the fund but are otherwise not associated with the fund, and therefore would not be commonly understood to be part of a group of related funds. Other similar definitions of "group" or "family" of investment companies address this issue by specifying that the funds hold themselves out to investors as related companies for the purposes of investment and investor services, in addition to sharing a principal underwriter.¹¹ The Commission has decided to define fund complex as two or more funds that hold themselves out to investors as related companies or that have a common investment adviser.¹² The Commission believes the information about directors on the boards of funds that are marketed to investors as related funds (regardless of whether they have a common principal underwriter or administrator) is important to shareholders. In addition, the Commission believes that an investment adviser typically has such an important role in a fund's activities that the definition of fund complex should include funds with common investment advisers regardless of whether the funds hold themselves out as related companies.

Second, as suggested by several commenters, the Commission has deleted the definition of "distributor."¹³ This definition was intended to identify persons involved in distributing fund shares for purposes of other disclosure items that are designed to elicit disclosure about relationships between fund directors (who vote on Rule 12b-

1 Plans) and persons involved in distributing fund shares that could involve conflicts of interest. Commenters argued that, because many persons or firms may provide distribution services to a fund, the definition would likely result in the disclosure of large amounts of information much of which would be immaterial because many of the persons involved have a minor role in the distribution of fund shares. The Commission has eliminated the definition and has modified the disclosure concerning Rule 12b-1 Plans to require information concerning only those persons receiving significant payments from the fund for distribution services.¹⁴

3. Comparative Fee Table

As proposed, item 22(a) would require fund proxy statements seeking approval of proposals that would increase fees or expenses, directly or indirectly, to include a comparative fee table showing the amount of fees and expenses currently paid by fund shareholders and the amount of fees and expenses shareholders would have paid if the matter being voted on had been in effect. Some commenters suggested that the fee table requirement be combined with a materiality limitation, either for indirect fee increases or for increases in any fees, direct or indirect. The Commission believes that shareholders should see the effects of any increases in fees. Moreover, limiting the requirement to material increases in fees would necessarily introduce more variability, and possibly uncertainty, into a determination of when the requirement is applicable. Therefore, the Commission is adopting the fee table requirement as proposed.¹⁵

4. Voting Results

As proposed, item 22(a) would include a requirement that a fund state in the proxy statement whether it intends to inform shareholders of the

voting results in a shareholder report or other document transmitted to shareholders. Some commenters had reservations about the voting results statement because, among other things, their experience did not suggest that shareholders had a significant interest in the information. In addition, commenters objected to a requirement for a negative statement if the fund does not plan to provide voting results in a subsequent shareholder report. In lieu of the proposed disclosure requirement, the Commission is adopting an express requirement that funds report voting results in the fund's next annual or semi-annual report. The Commission is amending rule 30d-1 to require a report of voting results in the annual or semi-annual report to shareholders. The Commission believes that this approach will assure that voting result information is available to shareholders and eliminate any necessity for funds to make a negative statement regarding the availability of voting results in proxy statements.

C. Election of Directors

The Commission proposed a number of revisions to the proxy disclosure requirements relating to the election of directors, primarily to focus the requirements on information directly relevant to the qualifications, background, and relationships of directors and to eliminate information that is not pertinent to the election of directors. The proposed revisions included eliminating detailed disclosure concerning the investment adviser (including a certified balance sheet of the adviser),¹⁶ the investment advisory contract,¹⁷ and brokerage commission practices.¹⁸ Commenters generally supported the elimination of this information on the basis that it has become "boiler plate" and is not relevant to the election of directors. The Commission is adopting its proposal with no changes and eliminating these requirements.

The proxy rules currently require disclosure of whether a director presently has any relationships with fund affiliates.¹⁹ The Commission proposed to expand this disclosure to require information concerning whether the director previously had a material interest in, or relationship with, the investment adviser, principal underwriter, administrator, or any of their respective affiliates. The Proposing

¹⁴ See *infra* section I.F.

¹⁵ Subparagraph (a)(3)(iv) of item 22. The comparative fee table would be required if any of the fee categories in the fee table would be increased (i.e., Management Fees, 12b-1 Fees, Other Expenses) regardless of whether total expenses would be increased, but would not be required if a proposal's effect on expenses is speculative. A sample fee table is attached as an appendix to this release.

The Commission also proposed to amend Form N-14, the form used by funds to register securities issued in certain investment company merger transactions, to require a comparative fee table for the combined fund. Commenters supported the addition of the comparative fee table to Form N-14, and the Commission is adopting the amendments as proposed. Paragraph (a) of item 3 of Form N-14.

¹¹ Rule 11a-3 [17 CFR 270.11a-3] under the 1940 Act ("group of investment companies") and General Instruction H to Form N-SAR [17 CFR 274.101], which is the semi-annual reporting form for funds ("family of investment companies").

¹² Subparagraph (a)(1)(v) of item 22.

¹³ Proposed item 22(a)(1)(iv) defined "distributor" as any person or persons who either wholly or in part assist in the distribution of a fund's shares, including, without limitation, a fund's principal underwriter, investment adviser, manager, sponsor, administrator, and other entities performing similar functions.

¹⁶ Rules 20a-2(a)(1)-(4) and 20a-2(a)(9) [17 CFR 270.20a-2(a)(1)-(4) and (9)].

¹⁷ Rule 20a-2(a)(6) [17 CFR 270.20a-2(a)(6)].

¹⁸ Rule 20a-2(a)(7) [17 CFR 270.20a-2(a)(7)].

¹⁹ Rule 20a-2(a)(5) [17 CFR 270.20a-2(a)(5)].

Release requested comment on whether disclosure of past relationships should be limited to a specific period of time. Many of the commenters supported the proposed disclosure of past relationships. Of those commenting, most recommended limiting the disclosure of past relationships to the preceding five-year period, the same period as currently required for disclosure of business experience of directors and nominees under item 401(e) of Regulation S-K [17 CFR 229.401(e)].

The Commission is adopting the proposed disclosure of past relationships of directors and nominees with related parties and is limiting the required disclosure to past relationships that existed during the preceding five-year period.²⁰ The Commission believes that a five-year period will provide material information concerning past relationships.

The Commission is adopting other modifications to the disclosure requirements it proposed for directors and nominees. These modifications, incorporated in item 22(b), include a description of non-routine litigation, specifically tailored for funds, in which a director or an affiliated person is a party adverse to the fund or any of its affiliated persons.²¹ Another modification affects the current requirement for a list of all boards of directors on which a director serves.²² As noted in the Proposing Release, disclosure of this information often results in long lists of other directorships of a director in the same fund complex that do not provide useful information to shareholders concerning the qualifications and competing responsibilities of a director or a nominee. The Commission proposed that, in lieu of providing the list, the proxy statement identify the fund complex and the number of directorships. Commenters generally supported this revision to the disclosure of other directorships, and the Commission is adopting the modification as proposed.²³

²⁰ Subparagraphs (b)(1) and (2) of item 22.

²¹ Subparagraph (b)(5) of item 22.

²² Item 7(b) of Schedule 14A requires this information by reference to item 401(e) of Regulation S-K.

²³ Instruction to item 401(e) of Regulation S-K. As adopted, a fund is required to state, if applicable, that a director serves on the board of other funds in the identified fund complex and to specify the number of the boards on which the director serves. The amendment is applicable to disclosure documents and reports by all issuers (not only funds) that are required to provide the information about fund directorships called for by item 401(e). Item 401(e) would continue to require disclosure of information concerning service of a fund director as

D. Management Compensation

Fund proxy statements are required to include information about the compensation of fund directors and officers in connection with the election of directors or proposals seeking shareholder approval of benefit plans in which directors or officers will participate. These requirements have been included in item 8 of Schedule 14A, which references Regulation S-K and fund registration statement forms.²⁴ The Commission proposed amendments to consolidate the disclosure requirements for management compensation paid by funds to directors and officers in paragraph (b) of item 22, to reformat the requirements, and to expand the information provided for directors, in particular, adding disclosure of the aggregate compensation of directors who serve on the board of more than one fund in a fund complex.²⁵

Most of these changes were generally supported by the commenters. Commenters, however, were evenly divided on the proposed disclosure of aggregate fund compensation paid to directors. The aggregate compensation disclosure was proposed in recognition that directors often receive substantial annual fees for their service on a number of boards in a fund complex, and that disclosure of only the compensation they receive from a single fund does not provide a complete picture of director compensation. Commenters opposed to the disclosure asserted, among other things, that disclosure of aggregate compensation could overshadow some of the benefits associated with directors serving on a number of fund boards (such as development of expertise in fund issues

a director of companies that are not registered investment companies.

²⁴ Item 8 of Schedule 14A (by reference to item 402(g) of Regulation S-K [17 CFR 229.402(g)]). Item 8 also incorporates for funds the management compensation disclosure requirements in fund registration statement forms. Forms N-1A (item 14), N-2 (item 18), and N-3 (item 20). Prior to recent revisions to the management compensation disclosure for operating companies, funds had been subject to the general compensation disclosure requirements of item 402 [17 CFR 229.402]. In the recent revisions, funds were excluded from amended item 402 and instead made subject to the registration statement form requirements. Securities Act Rel. No. 6962 (Oct. 16, 1992) [57 FR 48125 (Oct. 21, 1992)].

²⁵ The Commission also proposed to amend fund registration statements to require a statement in the prospectus that information about director and officer compensation and the background of fund management is available in the Statement of Additional Information ("SAI"). Upon consideration of the comments, the Commission believes the general statement in the prospectus about the availability of information in the SAI is sufficient notice for shareholders and has not included this requirement in the final rules.

and cost-savings) or ignore the necessity of paying adequate compensation to attract well-qualified directors. Several commenters noted that because directors determine their level of compensation, which is paid by the fund, the compensation received from other related funds is not indicative of a conflict of interest or lack of independence from the investment adviser. Whether or not they supported disclosure of aggregate fund complex compensation, many of the commenters specifically objected to what they considered to be implications in the Proposing Release that compensation could compromise a director's independence or that directors are not responsibly discharging their statutory and regulatory role.

The Commission believes that the nature and amount of a director's aggregate compensation from a fund complex is useful information that funds should provide to shareholders. Whether the amount of compensation affects a director's independence is only one of many possible inferences a shareholder may draw from compensation information.²⁶ Another inference may be that the fund is overpaying directors; another may be that the fund is not obtaining the best quality directors because they are underpaid; and still another inference may be that the amount of compensation is commensurate with the level of expertise, oversight, and effort that directors provide to the fund. The Commission believes that the possibility that unwarranted inferences may result from the disclosure of compensation information is not an appropriate basis to eliminate a requirement for information about directors that will improve shareholders' understanding of the compensation paid to directors and that is readily available to funds.²⁷ Therefore, the Commission is adopting the revised compensation disclosure requirements as proposed.²⁸

²⁶ The Commission believes that the receipt of a substantial amount of compensation from a fund complex is not necessarily determinative of the director's independence. The amount of compensation received, however, could be one factor to be considered in evaluating the independence of a fund director from fund management.

²⁷ Funds can, of course, provide supplemental information about director compensation if there is concern that shareholders may draw incorrect inferences from the disclosure of aggregate compensation received by directors from a fund complex.

²⁸ Subparagraph (b)(6) of item 22. Paragraph (ii) of subparagraph (b)(6) has been revised to make it clear that the material terms of compensation arrangements with directors other than the typical directors' fees disclosed in the compensation table, including, for example, consulting arrangements,

E. Approval of Investment Advisory Contract

The Commission proposed to modify several of the disclosure requirements applicable to proxy statements seeking approval of an investment advisory contract to improve and to update the information provided to shareholders. These modifications included:

- eliminating the disclosure of extensive information currently required concerning brokerage allocation and commission practices;²⁹
- requiring only disclosure of the amount and percentage of brokerage commissions paid to affiliates of the investment adviser;³⁰
- limiting disclosure of the rate and amount of the advisory fee charged to other funds advised by the investment adviser to those funds with substantially similar investment objectives;³¹ and
- eliminating the requirement that the proxy statement contain a certified balance sheet of the investment adviser.³²

Commenters generally endorsed these modifications, and the Commission is adopting them as proposed.³³

must be described. Such arrangements, however, could raise the issue of whether a director has a material business or professional relationship with the fund and could be found to be an "interested" director under section 2(a)(19)(A)(vi) of the 1940 Act [15 U.S.C. 80a-2(a)(19)(A)(vi)]. See Lexington Research Fund, Inc. (pub. avail. Dec. 3, 1977); Variable Stock Fund of Richmond (pub. avail. Feb. 17, 1972).

The compensation disclosure required for fund officers would remain the same under the proposed amendments except for minor revisions. Because most funds are externally managed, fund executive officers generally do not have formal management roles and receive no compensation from the fund. As currently required, however, compensation received by the three highest paid executive officers having aggregate compensation from a fund (but not the fund complex) exceeding \$60,000 would have to be disclosed in the compensation table. To make the disclosure of management compensation uniform, the compensation disclosure required to appear in the SAI portion of a fund's registration statement is amended to be consistent with item 22, Forms N-1A (item 14), N-2 (item 18), and N-3 (item 20).

²⁹ Current rule 20a-2(a)(7) requires extensive information concerning brokerage allocation and commission practices. A discussion of soft dollar arrangements benefitting the investment adviser would be required in the proposed discussion of material factors considered by the board of directors in approving the investment advisory contract in item 22(c)(11).

³⁰ Subparagraph (c)(13) of item 22.

³¹ Subparagraph (c)(10) of item 22. Current rule 20a-2(b)(4) [17 CFR 270.20a-2(b)(4)] requires disclosure of fee information for all funds advised by the same adviser.

³² In lieu of the balance sheet, item 22 requires that funds disclose in their proxy statements any financial condition of the adviser that is reasonably likely to impair its ability to fulfill its commitment to the fund under the investment advisory contract.

³³ The Commission also is adopting, as proposed, an additional disclosure requirement concerning investment advisory fees. If a change in the

The Commission is eliminating some of the requirements that funds provide information about brokerage practices because the requirements have not provided investors with information that is helpful in making a decision whether to vote for or against an investment advisory contract. The Commission continues to be concerned about fund brokerage practices. Recently, the Commission proposed amendments to Form N-1A that, if adopted, would require certain expenses paid by directed brokerage to be treated as an expense in fund financial statements and the fee table, and would require average brokerage commission rates to be disclosed in the Financial Highlights Table in fund prospectuses.³⁴ Thus, the Commission continues to be committed to improving the transparency of fund brokerage commissions, and has directed the Division of Investment Management to develop rules designed to improve disclosure about the "soft dollar" benefits advisers obtain from the use of their client brokerage.

The Commission received several comments on other of the proposed modifications. As discussed below, the modifications, as adopted, have been revised in some respects to reflect these comments.

1. General Partners of the Investment Adviser

If the investment adviser is a partnership, the proxy rules have required disclosure of the names of all general partners in the proxy statement.³⁵ The Commission proposed to limit the disclosure to those general partners of the investment adviser with the five largest economic interests in the partnership and, if different, to those general partners comprising the management or executive committee of the partnership. The Commission requested comment on whether general partners that have significant management responsibilities relating to the fund also should be identified. Commenters generally supported limiting the disclosure concerning the general partners of the investment adviser but differed on the scope of the limitation. One commenter supported naming both the partners with the five

investment advisory fee is sought, subparagraph (c)(9) of item 22 requires disclosure of the aggregate amount of the investment adviser's fee for the last year, the amount the adviser would have received had the proposed fee been in effect, and the percentage amount of the proposed increase.

³⁴ Investment Company Act Rel. No. 20472 (Aug. 11, 1994) [59 FR 42187 (Aug. 17, 1994)].

³⁵ Rule 20a-2(b)(1) [17 CFR 270.20a-2(b)(1)] incorporating rule 20a-2(a)(2).

largest economic interests, as proposed, and partners with significant management responsibilities relating to a fund. Upon reconsideration, the Commission believes that the names of partners with significant managerial responsibilities as well as controlling partnership interests is material to shareholders and has modified the partner disclosure requirement accordingly.³⁶

2. Material Factor Discussion

The Commission proposed to require a discussion of material factors considered by the board of directors in recommending that fund shareholders approve an investment advisory contract. As proposed, the item enumerated certain material factors that might be included in the discussion. Several commenters objected to enumerated material factors arguing that such a requirement would lead to formalistic and "boiler plate" disclosure and may tend to oversimplify the board's evaluation process. The Commission believes that the material factors discussion should reflect the board of directors' evaluation of the investment advisory contract and shares commenters' concern that enumeration of factors might lead to "boiler plate" disclosure.³⁷ Therefore, the Commission has decided not to include a list of material factors in the requirement for a discussion of the recommended investment advisory contract.³⁸

F. Approval of Distribution Plan

The Commission proposed to amend the proxy rules to set forth certain disclosure requirements for proxy statements seeking approval of a Rule 12b-1 Plan and plan amendments.³⁹ These proposed requirements reflected, in many respects, disclosure currently made in proxy statements. Commenters

³⁶ Subparagraph (c)(2) of item 22.

³⁷ Section 15(c) of the 1940 Act [15 U.S.C. 80a-15(c)] requires fund directors to request and to assess such information as may be necessary to evaluate the terms of an investment advisory contract.

³⁸ The Commission is retaining, as proposed, the requirement to include a discussion of soft dollar arrangements benefitting the investment adviser in the discussion of material factors considered by the board of directors. Under section 15(c) of the 1940 Act, the responsibilities of directors in approving an investment advisory contract extend to monitoring of soft dollar arrangements of the investment adviser. See Securities Exchange Act Rel. No. 23170 (Apr. 23, 1986) [51 FR 16004 (Apr. 30, 1986)] at § IV.B.3.

³⁹ Rule 12b-1 under the 1940 Act permits the use of fund assets to finance the distribution of shares under certain conditions, one of which is shareholder approval of a Rule 12b-1 Plan or amendments to a Rule 12b-1 Plan that would materially increase the amount spent for distribution.

generally supported the proposed express disclosure requirements for Rule 12b-1 Plans, and the Commission is adopting item 22(d) substantially as proposed.⁴⁰ Item 22(d) requires: (i) a description of the proposed action and the reasons shareholders are being requested to vote on adoption (or amendment) of a Rule 12b-1 Plan; (ii) disclosure of material differences between the proposed and the current Rule 12b-1 Plan; (iii) disclosure about distribution expenses under the plan paid by the fund during the last fiscal year to the fund's investment adviser, principal underwriter, administrator, or any of their affiliated persons, and to persons receiving 10% or more of the fund's aggregate distribution fees; and (iv) disclosure about the factors the board of directors considered in recommending adoption of (or amendment to) the Rule 12b-1 Plan.⁴¹

G. Annual Report Delivery Requirements

Rule 14a-3(b) [17 CFR 240.14a-3(b)] under the 1934 Act requires that, when directors are to be elected at an annual or special shareholder meeting, registrants, including funds, furnish each person solicited with a proxy statement that is accompanied or preceded by an annual report to shareholders. Most non-investment company registrants hold annual meetings to elect directors, and, in many cases, the annual report delivery requirement under rule 14a-3(b) is the only requirement that shareholders receive an annual report. Funds, on the other hand, are subject to express annual (and semi-annual) shareholder reporting requirements under section 30(d) of the 1940 Act [15 U.S.C. 80a-29(d)] and rule 30d-1, regardless of whether they hold annual meetings, and fund shareholder meetings may not coincide with the mailing of the annual shareholder report.⁴² To clarify the annual report delivery requirements for funds, the Commission proposed to

amend rule 14a-3(b) to set forth the conditions under which a fund's annual report previously transmitted to shareholders as required under rule 30d-1 would satisfy the rule.⁴³ The Commission requested comment on other alternatives for the annual report delivery requirement, including whether it might be appropriate to eliminate the proxy annual report requirement for funds in light of the reports required to be transmitted to shareholders semi-annually under rule 30d-1.

Several commenters supported the proposed clarification of the annual report delivery requirement. Other commenters, however, urged the Commission to eliminate the requirement and to substitute a requirement that the proxy statement include a legend advising shareholders that an annual report is available upon request. These commenters argued that the shareholder reporting requirements of the 1940 Act make the proxy annual report requirement superfluous. Commenters also noted that the primary effect of the annual report requirement is to impose restrictions on holding shareholder meetings because meetings can not be scheduled when the annual report for the preceding fiscal year is not yet available after the end of the fiscal year. In some cases, a fund complex may wish to make a combined proxy mailing for several funds to reduce the expense of the proxy solicitation; however, a joint proxy statement may be precluded if some of the funds have different fiscal years for which the annual report is not available.⁴⁴ These commenters argued that the cost of mailing an annual report with the proxy statement to new shareholders who have not received an annual report can be substantial, and these expenses are borne by the fund's shareholders.

⁴³ As proposed, an annual report transmitted to shareholders two months before the date of the proxy statement would satisfy the delivery requirements of rule 14a-3(b). Where more than two months has elapsed, the rule 14a-3(b) annual report delivery requirement would be satisfied if: (i) the fund mails the proxy statement at least 30 days prior to the meeting; (ii) the proxy statement includes a prominent statement that the most recent annual report and any subsequent semi-annual report will be delivered to shareholders, upon written or oral request, without charge; and (iii) if requested by a shareholder, the annual report and, if available, the semi-annual report is transmitted within two business days of the request.

⁴⁴ In the past, funds have sought relief from the rule 14a-3 annual report delivery requirement when a shareholder vote is necessary before the annual report is available after the end of the fund's fiscal year. See Dreyfus California Tax Exempt Bond Fund, Inc., *et al.* (pub. avail. June 18, 1994); Dean Witter American Value Fund, *et al.* (pub. avail. Nov. 18, 1992).

The Commission agrees that the costs imposed on funds and their shareholders outweigh the benefits of requiring that annual reports accompany a proxy statement. At the time of a proxy solicitation, shareholders who have recently invested in a fund will have received a current prospectus and other shareholders will have received either an annual or semi-annual report within six months of receiving the proxy statement. In addition, most funds transmit to shareholders quarterly account statements providing information about fund performance. In contrast with the timeliness of information provided under the 1940 Act's reporting regime, rule 14a-3(b) requires delivery of a fund annual report that may be, in some cases, almost twelve months old. Thus, this requirement has the unintended and anomalous effect of requiring delivery of an annual report the information in which may have been superseded by information in a more recent semi-annual report. Moreover, as applied, the current requirements impose significant restraints on the timing of shareholder meetings and may add substantial costs to holding meetings when, for example, accountants must perform an audit on an expedited basis. Therefore, the Commission is revising rule 14a-3(b) to eliminate the annual report delivery requirement for funds.⁴⁵

Item 22(a) requires, in lieu of the annual report, inclusion in the proxy statement of a statement that the fund's most recent annual and semi-annual reports are available upon request.⁴⁶ Those shareholders in need of information contained in the annual report will, therefore, continue to have access to it.

H. Other Matters

The Commission is adopting two other amendments to the general proxy provisions. First, the Commission is amending rule 14a-3(e)(2) [17 CFR

⁴⁵ Paragraph (4) of rule 14a-3(b) requires the annual report to include information concerning changes in and disagreements with accountants on accounting and financial disclosure required by item 304 of Regulation S-K [17 CFR 229.304]. The Commission is preserving this requirement for funds by amending the shareholder report financial statement requirements set forth in rule 30d-1 by reference to the applicable item in the registration statement forms (new instruction 4(iv) of item 23 of Form N-1A; new instruction 4(c) of item 23 of Form N-2; and new instruction 4(iv) to paragraph (a) of item 27 of Form N-3).

⁴⁶ Paragraph (a)(3)(iii) of item 22. This provision also is applicable to information statements. Rule 14c-3 [17 CFR 240.14c-3], which requires an annual report to accompany an information statement concerning the election of directors, also is revised to eliminate the annual report requirement.

⁴⁰ See *supra* note 9 and accompanying text for a discussion of proxy statement disclosure concerning approval of Rule 12b-1 Plans for multiple class funds. See *supra* note 13 and accompanying text for a discussion of the term "distributor" and related modifications to item 22(d).

⁴¹ In addition, when the effect of the action would be to increase fund expenses, item 22(a) requires inclusion of a comparative fee table showing the level of fees before and after adoption of the recommended Rule 12b-1 Plan. Subparagraph (a)(3)(iv) of item 22.

⁴² Funds generally are not required under state law or the 1940 Act to hold annual shareholder meetings. Funds schedule shareholder meetings as necessary to elect directors, to approve investment advisory contracts or Rule 12b-1 Plans, or to vote on other matters requiring shareholder approval.

240.14a-3(e)(2)], which relieves funds of the obligation to deliver proxy and other soliciting materials to shareholders whose dividend payments are returned as undeliverable, to relieve funds (and other registrants) of the delivery obligation when dividend reinvestment confirmations are returned as undeliverable. Second, the Commission is amending Item 3 of Schedule 14A, which requires a description of appraisal or similar rights under state law applicable to any matter being acted upon (i.e., mergers and other fundamental corporate transactions), to make it expressly inapplicable to open-end funds.⁴⁷ The 1940 Act, which requires open-end funds to redeem their securities at net asset value,⁴⁸ superseded state law appraisal rights.⁴⁹

I. Date of Effectiveness

The new amendments to the proxy rules are effective on November 23, 1994. Funds may file, at their option, proxy statements prepared in accordance with the new rules on or after the effective date. Funds must comply with the new rules for all proxy statements filed on or after January 23, 1995. During the transition period between the effective date and the compliance date, funds should state in the cover letter submitting the proxy statement whether the proxy statement is prepared using the new rules.

II. Cost/Benefit of the Proposals

The amendments to the proxy rules, as adopted, are intended to improve the disclosure provided to fund shareholders in proxy statements. The amendments are not expected to impose additional burdens on funds. The amendments eliminate a substantial amount of "boiler plate" disclosure regarding matters that may not be relevant to shareholders. The additional information required by the amendments is readily available, and the elimination of the annual report requirement in connection with the proxy statement should provide funds with greater flexibility in scheduling shareholder meetings and reduce related expenses.

⁴⁷ Instruction 2 to item 3 of Schedule 14A.

Closed-end funds (including closed-end funds that make periodic repurchases of their shares under rule 22c-3 of the 1940 Act [17 CFR 270.22c-3]), which do not issue redeemable securities, would continue to be subject to item 3.

⁴⁸ Rule 22c-1 [17 CFR 270.22c-1] (providing that redeemable securities must be redeemed at a price based on the current net asset value next computed after tender of the security for redemption).

⁴⁹ Investment Company Act Rel. No. 8752 (Apr. 10, 1975) (40 FR 17986 (Apr. 24, 1975)).

III. Regulatory Flexibility Act Analysis

A summary of the Initial Regulatory Flexibility Analysis, which was prepared in accordance with 5 U.S.C. 603, was published in the Proposing Release. No comments were received on this analysis. The Commission has prepared a Final Regulatory Flexibility Analysis, a copy of which may be obtained by contacting Kathleen K. Clarke, Office of Disclosure and Adviser Regulation, 450 Fifth Street, N.W., Washington, D.C. 20549.

IV. Statutory Authority

The Commission is amending the proxy rules under sections 14 [15 U.S.C. 78n] and 23(a) [15 U.S.C. 78(w)] of the 1934 Act and sections 20(a) and 38(a) [15 U.S.C. 39(a)] of the 1940 Act. The authority citations for the amendments to the rules precede the text of the amendments.

V. Text of Rule Amendments

List of Subjects in 17 CFR Parts 200, 229, 239, 240, 270, and 274

Authority delegation (Government agencies), Investment companies, Reporting and recordkeeping requirements, Securities.

For the reasons set out in the preamble, the Commission is amending title 17, chapter II of the Code of Federal Regulations as follows:

PART 200—ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION AND REQUESTS

1. The authority citation for Part 200 is amended by adding the following citation:

Authority: 15 U.S.C. 77s, 78d-1, 78d-2, 78w, 78l(d), 79t, 77ss, 80a-37, 80b-11, unless otherwise noted.

Section 200.30-5 also is issued under 15 U.S.C. 77f, 77g, 77h, 77j, 78c(b), 78l, 78m, 78n, 78o(d), 80a-8, 80a-20, 80a-24, 80a-29, 80b-3, 80b-4.

§ 200.30-5 [Amended]

2. The authority citation following § 200.30-5 is removed.

3. By amending § 200.30-5 to remove and to reserve paragraph (a)(5).

PART 229—STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, AND ENERGY POLICY AND CONSERVATION ACT OF 1975—REGULATION S-K

4. The authority citation for Part 229 continues to read, in part, as follows:

Authority: 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77aa(25), 77aa(26), 77ddd, 77eee,

77ggg, 77hhh, 77iii, 77jjj, 77nnn, 77sss, 78c, 78i, 78j, 78l, 78m, 78n, 78o, 78w, 78l(d), 79e, 79n, 79t, 80a-8, 80a-29, 80a-30, 80a-37, 80b-11, unless otherwise noted.

§ 229.401 [Amended]

5. The authority citation following § 229.401 is removed.

6. By amending § 229.401 to add an instruction following paragraph (e) to read as follows:

§ 229.401 (Item 401) Directors, executive officers, promoters and control persons.

(e) * * *

Instruction to Paragraph (e) of Item 401.

For the purposes of paragraph (e)(2), where the other directorships of each director or person nominated or chosen to become a director include directorships of two or more registered investment companies that are part of a "fund complex" as that term is defined in Item 22(a) of Schedule 14A under the Exchange Act (§ 240.14a-101 of this chapter), the registrant may, rather than listing each such investment company, identify the fund complex and provide the number of investment company directorships held by the director or nominee in such fund complex.

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

7. The authority citation for Part 239 continues to read, in part, as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77ss, 78c, 78l, 78m, 78n, 78o(d), 78w(a), 78l(d), 79e, 79f, 79g, 79j, 79l, 79m, 79n, 79q, 79t, 80a-8, 80a-29, 80a-30 and 80a-37, unless otherwise noted.

8. By amending Item 3 of Form N-14 (referenced in § 239.23) to revise the title, to redesignate paragraphs (a) and (b) as paragraphs (b) and (c), to add paragraph (a), and to revise the third sentence of redesignated paragraph (b) to read as follows:

Note: The text of Form N-14 does not and these amendments will not appear in the Code of Federal Regulations.

Form N-14

Item 3. Fee Table, Synopsis Information, and Risk Factors

(a) Include a table showing the current fees for the registrant and the company being acquired and pro forma fees, if different, for the registrant after giving effect to the transaction using the format prescribed in the appropriate registration statement form under the 1940 Act (for open-end management investment companies, Item 2 of Form N-1A; for closed-end management investment companies, Item 3 of Form N-2; and for separate accounts that offer variable annuity contracts, Item 3 of Form N-3).

(b) * * * As to the registrant and company being acquired, compare: (1) investment

objectives and policies; (2) distribution and purchase procedures and exchange rights; (3) redemption procedures; and (4) any other significant considerations. * * *

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

9. The authority citation for Part 240 continues to read, in part, as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78i, 78j, 78l, 78m, 78n, 78o, 78p, 78s, 78w, 78x, 78ll(d), 79q, 79t, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4 and 80b-11, unless otherwise noted.

10. By amending § 240.14a-3 to revise the introductory text of paragraph (b), to remove the third sentence of paragraph (b)(1), to remove the phrase "other than a registered investment company," after the word "registrant" in Note 2 to paragraph (b)(1); to remove and reserve paragraph (b)(12), and to revise paragraph (e)(2) to read as follows:

§ 240.14a-3 Information to be furnished to security holders.

(b) If the solicitation is made on behalf of the registrant, other than an investment company registered under the Investment Company Act of 1940, and relates to an annual (or special meeting in lieu of the annual) meeting of security holders, or written consent in lieu of such meeting, at which directors are to be elected, each proxy statement furnished pursuant to paragraph (a) of this section shall be accompanied or preceded by an annual report to security holders as follows:

(12) [Reserved]

(e) * * *

(1) * * *

(2) Unless state law requires otherwise, a registrant is not required to send an annual report or proxy statement to a security holder if:

(i) An annual report and a proxy statement for two consecutive annual meetings; or

(ii) All, and at least two, payments (if sent by first class mail) of dividends or interest on securities, or dividend reinvestment confirmations, during a twelve month period, have been mailed to such security holder's address and have been returned as undeliverable. If any such security holder delivers or causes to be delivered to the registrant written notice setting forth his then current address for security holder communications purposes, the

registrant's obligation to deliver an annual report or a proxy statement under this section is reinstated.

11. By amending § 240.14a-6 to revise the introductory text of paragraph (i) to read as follows:

§ 240.14a-6 Filing requirements.

(i) Fees. At the time of filing the proxy solicitation material, the persons upon whose behalf the solicitation is made, other than investment companies registered under the Investment Company Act of 1940, which shall refer to Item 22(a)(2) of Schedule 14A, shall pay to the Commission the following applicable fee:

12. By amending § 240.14a-101 to add an "s" at the end of the word "Instruction" in Item 3, to designate the instruction to Item 3 as 1. and to add an instruction 2., to revise paragraphs (c) and (d) of Item 7, to revise the last sentence of Item 8 prior to the instruction, to add an instruction at the end of paragraph (a)(2)(ii)(A) and after paragraph (b)(1)(ii) of Item 10, and to revise Item 20 to read as follows:

§ 240.14a-101 Schedule 14A. Information required in proxy statement.

Item 3. Dissenters' right of appraisal.

Instructions. 1. * * *

2. Open-end investment companies registered under the Investment Company Act of 1940 are not required to respond to this item.

Item 7. Directors and executive officers.

(c) The information required by Item 404(b) of Regulation S-K (§ 229.404 of this chapter).

(d) In lieu of paragraphs (a) through (c) of this item, investment companies registered under the Investment Company Act of 1940 shall furnish the information required by paragraphs (1) through (5) of Item 22(b) of this Schedule 14A.

Item 8. Compensation of directors and executive officers.

* * * In the case of investment companies registered under the Investment Company Act of 1940 and registrants that have elected to be regulated as business development companies, furnish the information required by Item 22(b)(6) of this Schedule.

Item 10. Compensation Plans.

(a) * * *

(2) * * *

(ii) * * *

(A) * * *

Instruction: In the case of investment companies registered under the Investment Company Act of 1940, furnish the information for Compensated Persons as defined in Item 22(b)(6) of this Schedule in lieu of the persons specified in paragraph (a)(3) of Item 402 of Regulation S-K (§ 229.402(a)(3) of this chapter).

(b) * * *

(1) * * *

(ii) * * *

Instruction. In the case of investment companies registered under the Investment Company Act of 1940, refer to instruction 4 in Item 22(b)(6)(ii) of this Schedule in lieu of paragraph (f)(1) of Item 402 of Regulation S-K (§ 229.402(f)(1) of this chapter).

Item 20. Other proposed action. If action is to be taken on any matter not specifically referred to in this Schedule 14A, describe briefly the substance of each such matter in substantially the same degree of detail as is required by Items 5 to 19, inclusive, of this Schedule, and, with respect to investment companies registered under the Investment Company Act of 1940, Item 22 of this Schedule.

13. By amending § 240.14a-101 to add Item 22 to read as follows:

§ 240.14A-101 Schedule 14A. Information required in proxy statement.

Item 22. Information required in investment company proxy statement.

(a) **General.**

(1) **Definitions.** Unless the context otherwise requires, terms used in this Item that are defined in § 240.14a-1 (with respect to proxy soliciting material), in § 240.14c-1 (with respect to information statements), and in the Investment Company Act of 1940 shall have the same meanings provided therein and the following terms shall also apply:

(i) **Administrator.** The term "Administrator" shall mean any person or persons who provide significant administrative or business management services to the Fund and shall include any person that has been or would be identified in response to Item 5 of Form N-1A (§ 274.11A of this chapter), Item 9 of Form N-2 (§ 274.11a-1 of this chapter), or Item 6 of Form N-3 (§ 274.11b of this chapter).

(ii) **Affiliated broker.** The term "Affiliated Broker" shall mean any broker:

(A) That is an affiliated person of the Fund;

(B) That is an affiliated person of such person; or

(C) An affiliated person of which is an affiliated person of the Fund, its investment adviser, principal underwriter, or Administrator.

(iii) *Distribution plan.* The term "Distribution Plan" shall mean a plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940 (§ 270.12b-1 of this chapter).

(iv) *Fund.* The term "Fund" shall mean a Registrant or, where the Registrant is a series company, a separate portfolio of the Registrant.

(v) *Fund complex.* The term "Fund Complex" shall mean two or more Funds that:

(A) Hold themselves out to investors as related companies for purposes of investment and investor services; or

(B) Have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other Funds.

(vi) *Parent.* The term "Parent" shall mean the affiliated person of a specified person who controls the specified person directly or indirectly through one or more intermediaries.

(vii) *Registrant.* The term "Registrant" shall mean an investment company registered under the Investment Company Act of 1940.

(viii) *Subsidiary.* The term "Subsidiary" shall mean an affiliated person of a specified person who is controlled by the specified person directly, or indirectly through one or more intermediaries.

(2) *Filing fees.* In lieu of the fees specified in § 240.14a-6, at the time of filing the preliminary proxy solicitation material, or, if no preliminary solicitation material is filed, at the time of filing the definitive proxy solicitation material, the person upon whose behalf the solicitation is made shall pay to the Commission a fee of \$125, no part of which shall be refunded.

(3) *General disclosure.* Furnish the following information in the proxy statement of a Fund or Funds:

(i) State the name and address of the Fund's investment adviser, principal underwriter, and Administrator.

(ii) When a Fund proxy statement solicits a vote on proposals affecting more than one Fund or class of securities of a Fund (unless the proposal or proposals are the same and affect all Fund or class shareholders), present a summary of all of the proposals in tabular form on one of the first three pages of the proxy statement and indicate which Fund or class shareholders are solicited with respect to each proposal.

(iii) Unless the proxy statement is accompanied by a copy of the Fund's most recent annual report, state prominently in the proxy statement that the Fund will furnish, without charge, a copy of the annual report and the most recent semi-annual report succeeding the annual report, if any, to a shareholder upon request, providing the name, address, and toll-free telephone number of the person to whom such request shall be directed (or, if no toll-free telephone number is provided, a self-addressed postage paid card for requesting the annual report). The Fund should provide a copy of the annual report and the most recent semi-annual report succeeding the annual report, if any, to the requesting shareholder by first class mail, or other means designed to assure prompt delivery, within three business days of the request.

(iv) If the action to be taken would, directly or indirectly, establish a new fee or expense or increase any existing fee or expense to be paid by the Fund or its shareholders, provide a table showing the current and pro forma fees (with the required examples) using the format prescribed in the appropriate registration statement form under the Investment Company Act of 1940 (for open-end management investment companies, Item 2 of Form N-1A (§ 239.15A); for closed-end management investment companies, Item 3 of Form N-2 (§ 239.14); and for separate accounts that offer variable annuity contracts, Item 3 of Form N-3 (§ 239.17a)).

Instructions. 1. Where approval is sought only for a change in asset breakpoints for a pre-existing fee that would not have increased the fee for the previous year (or have the effect of increasing fees or expenses, but for any other reason would not be reflected in a pro forma fee table), describe the likely effect of the change in lieu of providing pro forma fee information.

2. An action would indirectly establish or increase a fee or expense where, for example, the approval of a new investment advisory contract would result in higher custodial or transfer agency fees.

3. The tables should be prepared in a manner designed to facilitate understanding of the impact of any change in fees or expenses.

4. A Fund that offers its shares exclusively to one or more separate accounts and thus is not required to include a fee table in its prospectus (see Item 2(a)(ii) of Form N-1A (§ 239.15A)) should nonetheless prepare a table showing current and pro forma expenses and disclose that the table does not reflect separate account expenses, including sales load.

(v) If action is to be taken with respect to the election of directors or the approval of an advisory contract, describe any purchases or sales of securities of the investment adviser

or its Parents, or Subsidiaries of either, since the beginning of the most recently completed fiscal year by any director or any nominee for election as a director of the Fund.

Instructions. 1. Identify the parties, state the consideration, the terms of payment and describe any arrangement or understanding with respect to the composition of the board of directors of the Fund or of the investment adviser, or with respect to the selection of appointment of any person to any office with either such company.

2. Transactions involving securities in an amount not exceeding one percent of the outstanding securities of any class of the investment adviser or any of its Parents or Subsidiaries may be omitted.

(4) *Electronic filings.* If action is to be taken with respect to any transaction described in Items 11, 12, or 14 of this Schedule 14A and the Fund proxy or information statement is filed electronically, file after the cover page of the proxy statement a Financial Data Schedule in accordance with rule 483 of Regulation C (§ 230.483 of this chapter).

(b) *Election of directors.* If action is to be taken with respect to the election of directors of the Fund and the solicitation is made by or on behalf of the Fund or by or on behalf of an investment adviser, furnish the following information in the proxy statement in addition to the information (and in the format) required by paragraphs (e) through (g) of Item 7 of Schedule 14A.

Instructions. 1. Furnish information with respect to a prospective investment adviser to the extent applicable.

2. If the solicitation is made other than by or on behalf of the Fund or by or on behalf of an investment adviser, provide only information as to nominees of the person making the solicitation.

(1) Identify each director or nominee for election as director who is, or was during the past five years, an officer, employee, director, general partner, or shareholder of the investment adviser. As to any director or nominee who is not a director or general partner of the investment adviser and owns any securities or has, or had during the past five years, any other material direct or indirect interest in the investment adviser or any person controlling, controlled by, or under common control with the investment adviser, describe the nature of such interest.

(2) Identify each director or nominee who has or had during the past five years any material direct or indirect interest in the Fund's principal underwriter or Administrator and describe the nature of such interest.

(3) Describe briefly, and where practicable, state the approximate dollar amount, of any material interest, direct or indirect, of any director or nominee

for election as a director of the Fund in any material transactions since the beginning of the most recently completed fiscal year, or in any proposed material transactions, to which the investment adviser, the principal underwriter, the Administrator, any Parent or Subsidiary of such entities (other than another Fund), or any Subsidiary of the Parent of such entities was or is to be a party.

Instructions. 1. Include the name of each person whose interest in any transaction is described and the nature of the relationship by reason of which such interest is required to be described. Where it is not practicable to state the approximate dollar amount of the interest, indicate the approximate dollar amount involved in the transaction.

2. As to any transaction involving the purchase or sale of assets by or to the investment adviser, or the Administrator, state the cost of the assets to the purchaser and the cost thereof to the seller if acquired by the seller within two years prior to the transaction.

3. If the interest of any person arises from the position of the person as a partner in a

partnership, the proportionate interest of such person in transactions to which the partnership is a party need not be set forth, but state the amount involved in the transaction with the partnership.

4. No information need be given in response to this paragraph with respect to any transaction that is not related to the business or operations of the Fund and to which neither the Fund nor any of its Parents or Subsidiaries is a party.

(4) Provide in tabular form, to the extent practicable, the information required by Items 401, 404 (a) and (c), and 405 of Regulation S-K (§§ 229.401, 229.404, and 229.405 of this chapter).

Instructions. 1. Indicate by an asterisk any nominee or director who is or would be an "interested person" within the meaning of section 2(a)(19) of the Investment Company Act of 1940 and describe the relationships, events, or transactions by reason of which such person is deemed an "interested person."

2. Separate accounts registered as management investment companies need not provide any information concerning the officers of the sponsoring insurance company who are not directly or indirectly engaged in

activities related to the separate account in response to Item 401 of Regulation S-K.

(5) Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the Fund's business, to which any director or nominee for director or affiliated person of such director or nominee is a party adverse to the Fund or any of its affiliated persons or has a material interest adverse to the Fund or any of its affiliated persons. Include the name of the court where the case is pending, the date instituted, the principal parties, a description of the factual basis alleged to underlie the proceeding, and the relief sought.

(6) For all directors, and for each of the three highest-paid executive officers that have aggregate compensation from the Fund for the most recently completed fiscal year in excess of \$60,000 ("Compensated Persons"):

(i) Furnish the information required by the following table for the last fiscal year:

COMPENSATION TABLE

(1) Name of person, position	(2) Aggregate compensation from fund	(3) Pension or retirement ben- efits accrued as part of fund expenses	(4) Estimated annual benefits upon retirement	(5) Total compensation from fund and fund complex paid to directors
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Instructions. 1. For column (1), indicate, if necessary, the capacity in which the remuneration is received. For Compensated Persons that are directors of the Fund, compensation is amounts received for service as a director.

2. If the Fund has not completed its first full year since its organization, furnish the information for the current fiscal year, estimating future payments that would be made pursuant to an existing agreement or understanding. Disclose in a footnote to the Compensation Table the period for which the information is furnished.

3. Include in column (2) amounts deferred at the election of the Compensated Person, whether pursuant to a plan established under Section 401(k) of the Internal Revenue Code [26 U.S.C. 401(k)] or otherwise, for the fiscal year in which earned. Disclose in a footnote to the Compensation Table the total amount of deferred compensation (including interest) payable to or accrued for any Compensated Person.

4. Include in columns (3) and (4) all pension or retirement benefits proposed to be paid under any existing plan in the event of retirement at normal retirement date, directly or indirectly, by the Fund or any of its Subsidiaries, or by other companies in the Fund Complex. Omit column (4) where retirement benefits are not determinable.

5. For any defined benefit or actuarial plan under which benefits are determined primarily by final compensation (or average final compensation) and years of service,

provide the information required in column (4) in a separate table showing estimated annual benefits payable upon retirement (including amounts attributable to any defined benefit supplementary or excess pension award plans) in specified compensation and years of service classifications. Also provide the estimated credited years of service for each Compensated Person.

6. Include in column (5) only aggregate compensation paid to a director for service on the board and other boards of investment companies in a Fund Complex specifying the number of such other investment companies.

(ii) Describe briefly the material provisions of any pension, retirement, or other plan or any arrangement other than fee arrangements disclosed in paragraph (i) pursuant to which Compensated Persons are or may be compensated for any services provided, including amounts paid, if any, to the Compensated Person under any such arrangements during the most recently completed fiscal year. Specifically include the criteria used to determine amounts payable under any plan, the length of service or vesting period required by the plan, the retirement age or other event which gives rise to payments under the plan, and whether

the payment of benefits is secured or funded by the Fund.

(iii) With respect to each Compensated Person, business development companies shall include the information required by Items 402(b)(2)(iv) and 402(c) of Regulation S-K (§§ 229.402(b)(2)(iv) and 229.402(c) of this chapter).

(c) **Approval of investment advisory contract.** If action is to be taken with respect to an investment advisory contract, include the following information in the proxy statement.

Instruction. Furnish information with respect to a prospective investment adviser to the extent applicable (including the name and address of the prospective investment adviser).

(1) With respect to the existing investment advisory contract:

(i) State the date of the contract and the date on which it was last submitted to a vote of security holders of the Fund, including the purpose of such submission;

(ii) Briefly describe the terms of the contract, including the rate of compensation of the investment adviser;

(iii) State the aggregate amount of the investment adviser's fee and the amount and purpose of any other material

payments by the Fund to the investment adviser, or any affiliated person of the investment adviser, during the last fiscal year of the Fund;

(iv) If any person is acting as an investment adviser of the Fund other than pursuant to a written contract that has been approved by the security holders of the company, identify the person and describe the nature of the services and arrangements;

(v) Describe any action taken with respect to the investment advisory contract since the beginning of the Fund's last fiscal year by the board of directors of the Fund (unless described in response to paragraph (c)(1)(vi) of this Item 22); and

(vi) If an investment advisory contract was terminated or not renewed for any reason, state the date of such termination or non-renewal, identify the parties involved, and describe the circumstances of such termination or non-renewal.

(2) State the name, address and principal occupation of the principal executive officer and each director or general partner of the investment adviser.

Instruction. If the investment adviser is a partnership with more than ten general partners, name:

(i) The general partners with the five largest economic interests in the partnership, and, if different, those general partners comprising the management or executive committee of the partnership or exercising similar authority;

(ii) The general partners with significant management responsibilities relating to the fund.

(3) State the names and addresses of all Parents of the investment adviser and show the basis of control of the investment adviser and each Parent by its immediate Parent.

Instructions. 1. If any person named is a corporation, include the percentage of its voting securities owned by its immediate Parent.

2. If any person named is a partnership, name the general partners having the three largest partnership interests (computed by whatever method is appropriate in the particular case).

(4) If the investment adviser is a corporation and if, to the knowledge of the persons making the solicitation or the persons on whose behalf the solicitation is made, any person not named in answer to paragraph (c)(3) of this Item 22 owns, of record or beneficially, ten percent or more of the outstanding voting securities of the investment adviser, indicate that fact and state the name and address of each such person.

(5) Name each officer or director of the Fund who is an officer, employee,

director, general partner or shareholder of the investment adviser. As to any officer or director who is not a director or general partner of the investment adviser and who owns securities or has any other material direct or indirect interest in the investment adviser or any other person controlling, controlled by or under common control with the investment adviser, describe the nature of such interest.

(6) Describe briefly and state the approximate amount of, where practicable, any material interest, direct or indirect, of any director of the Fund in any material transactions since the beginning of the most recently completed fiscal year, or in any material proposed transactions, to which the investment adviser of the Fund, any Parent or Subsidiary of the investment adviser (other than another Fund), or any Subsidiary of the Parent of such entities was or is to be a party.

Instructions. 1. Include the name of each person whose interest in any transaction is described and the nature of the relationship by reason of which such interest is required to be described. Where it is not practicable to state the approximate amount of the interest, indicate the approximate amount involved in the transaction.

2. As to any transaction involving the purchase or sale of assets by or to the investment adviser, state the cost of the assets to the purchaser and the cost thereof to the seller if acquired by the seller within two years prior to the transaction.

3. If the interest of any person arises from the position of the person as a partner in a partnership, the proportionate interest of such person in transactions to which the partnership is a party need not be set forth, but state the amount involved in the transaction with the partnership.

4. No information need be given in response to this paragraph (c)(6) of Item 22 with respect to any transaction that is not related to the business or operations of the Fund and to which neither the Fund nor any of its Parents or Subsidiaries is a party.

(7) Disclose any financial condition of the investment adviser that is reasonably likely to impair the financial ability of the adviser to fulfil its commitment to the fund under the proposed investment advisory contract.

(8) Describe the nature of the action to be taken on the investment advisory contract and the reasons therefor, the terms of the contract to be acted upon, and, if the action is an amendment to, or a replacement of, an investment advisory contract, the material differences between the current and proposed contract.

(9) If a change in the investment advisory fee is sought, state:

(i) The aggregate amount of the investment adviser's fee during the last year;

(ii) The amount that the adviser would have received had the proposed fee been in effect; and

(iii) The difference between the aggregate amounts stated in response to paragraphs (i) and (ii) of this item (c)(9) as a percentage of the amount stated in response to paragraph (i) of this item (c)(9).

(10) If the investment adviser acts as such with respect to any other Fund having a similar investment objective, identify and state the size of such other Fund and the rate of the investment adviser's compensation. Also indicate for any Fund identified whether the investment adviser has waived, reduced, or otherwise agreed to reduce its compensation under any applicable contract.

Instruction. Furnish the information in response to this paragraph (c)(10) of Item 22 in tabular form.

(11) Discuss in reasonable detail the material factors and the conclusions with respect thereto which form the basis for the recommendation of the board of directors that the shareholders approve an investment advisory contract. If applicable, include a discussion of any benefits derived or to be derived by the investment adviser from the relationship with the Fund such as soft dollar arrangements by which brokers provide research to the Fund or its investment adviser in return for allocating fund brokerage.

Instruction. Conclusory statements or a list of factors will not be considered sufficient disclosure. The discussion should relate the factors to the specific circumstances of the fund and the investment advisory contract for which approval is sought.

(12) Describe any arrangement or understanding made in connection with the proposed investment advisory contract with respect to the composition of the board of directors of the Fund or the investment adviser or with respect to the selection or appointment of any person to any office with either such company.

(13) For the most recently completed fiscal year, state:

(i) The aggregate amount of commissions paid to any Affiliated Broker; and

(ii) The percentage of the Fund's aggregate brokerage commissions paid to any such Affiliated Broker.

Instruction. Identify each Affiliated Broker and the relationships that cause the broker to be an Affiliated Broker.

(14) Disclose the amount of any fees paid by the Fund to the investment adviser, its affiliated persons or any affiliated person of such person during

the most recent fiscal year for services provided to the Fund (other than under the investment advisory contract or for brokerage commissions). State whether these services will continue to be provided after the investment advisory contract is approved.

(d) *Approval of distribution plan.* If action is to be taken with respect to a Distribution Plan, include the following information in the proxy statement.

Instruction. Furnish information on a prospective basis to the extent applicable.

(1) Describe the nature of the action to be taken on the Distribution Plan and the reason therefor, the terms of the Distribution Plan to be acted upon, and, if the action is an amendment to, or a replacement of, a Distribution Plan, the material differences between the current and proposed Distribution Plan.

(2) If the Fund has a Distribution Plan in effect:

(i) Provide the date that the Distribution Plan was adopted and the date of the last amendment, if any;

(ii) Disclose the persons to whom payments may be made under the Distribution Plan, the rate of the distribution fee and the purposes for which such fee may be used;

(iii) Disclose the amount of distribution fees paid by the Fund pursuant to the plan during its most recent fiscal year, both in the aggregate and as a percentage of the Fund's average net assets during the period;

(iv) Disclose the name of, and the amount of any payments made under the Distribution Plan by the Fund during its most recent fiscal year to, any person who is an affiliated person of the Fund, its investment adviser, principal underwriter, or Administrator, an affiliated person of such person, or a person that during the most recent fiscal year received 10% or more of the aggregate amount paid under the Distribution Plan by the Fund;

(v) Describe any action taken with respect to the Distribution Plan since the beginning of the Fund's most recent fiscal year by the board of directors of the Fund; and

(vi) If a Distribution Plan was or is to be terminated or not renewed for any reason, state the date or prospective date of such termination or non-renewal, identify the parties involved, and describe the circumstances of such termination or non-renewal.

(3) Describe briefly and state the approximate amount of, where practicable, any material interest, direct or indirect, of any director or nominee for election as a director of the Fund in any material transactions since the beginning of the most recently

completed fiscal year, or in any material proposed transactions, to which any person identified in response to Item 22(d)(2)(iv) was or is to be a party.

Instructions. 1. Include the name of each person whose interest in any transaction is described and the nature of the relationship by reason of which such interest is required to be described. Where it is not practicable to state the approximate amount of the interest, indicate the approximate amount involved in the transaction.

2. As to any transaction involving the purchase or sale of assets, state the cost of the assets to the purchaser and the cost thereof to the seller if acquired by the seller within two years prior to the transaction.

3. If the interest of any person arises from the position of the person as a partner in a partnership, the proportionate interest of such person in transactions to which the partnership is a party need not be set forth but state the amount involved in the transaction with the partnership.

4. No information need be given in response to this paragraph (d)(3) of Item 22 with respect to any transaction that is not related to the business or operations of the Fund and to which neither the Fund nor any of its Parents or Subsidiaries is a party.

(4) Discuss in reasonable detail the material factors and the conclusions with respect thereto which form the basis for the conclusion of the board of directors that there is a reasonable likelihood that the proposed Distribution Plan (or amendment thereto) will benefit the Fund and its shareholders.

Instruction. Conclusory statements or a list of factors will not be considered sufficient disclosure.

14. By amending § 240.14c-3 to revise the introductory text of paragraph (a) and to remove and to reserve paragraph (a)(2) (the Note remains unchanged) to read as follows:

§ 240.14c-3 Annual report to be furnished security holders.

(a) If the information statement relates to an annual (or special meeting in lieu of the annual) meeting, or written consent in lieu of such meeting, of security holders at which directors of the registrant, other than an investment company registered under the Investment Company Act of 1940, are to be elected, it shall be accompanied or preceded by an annual report to security holders:

* * * * *

PART 270—GENERAL RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

15. The authority citation for Part 270 continues to read, in part, as follows:

Authority: 15 U.S.C. 80a-1 et seq., 80a-37, 80a-39 unless otherwise noted;

* * * * *

16. By amending § 270.20a-1 to revise the first sentence of paragraph (a) and to remove paragraph (c) (the instruction remains unchanged) to read as follows:

§ 270.20a-1 Solicitation of proxies, consents, and authorizations.

(a) No person shall solicit or permit the use of his or her name to solicit any proxy, consent, or authorization with respect to any security issued by a registered Fund, except upon compliance with Regulation 14A (§ 240.14a-1 of this chapter), Schedule 14A (§ 240.14a-101 of this chapter), and all other rules and regulations adopted pursuant to Section 14(a) of the Securities Exchange Act of 1934 that would be applicable to such solicitation if it were made in respect of a security registered pursuant to Section 12 of the Securities Exchange Act of 1934. * * *

* * * * *

17. By removing and reserving § 270.20a-2, § 270.20a-3, and § 270.20a-4.

18. By amending § 270.30d-1 to redesignate paragraphs (b), (c), and (d) as paragraphs (c), (d), and (e) and to add paragraph (b) to read as follows:

§ 270.30d-1 Reports to stockholders of management companies.

* * * * *

(b) If any matter was submitted during the period covered by the shareholder report to a vote of shareholders, through the solicitation of proxies or otherwise, furnish the following information:

(1) The date of the meeting and whether it was an annual or special meeting.

(2) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

(3) A brief description of each matter voted upon at the meeting and the number of votes cast for, against or withheld, as well as the number of abstentions and broker non-votes as to each such matter, including a separate tabulation with respect to each matter or nominee for office.

Instruction. The solicitation of any authorization or consent (other than a proxy to vote at a shareholders' meeting) with respect to any matter shall be deemed a submission of such matter to a vote of shareholders within the meaning of this paragraph (b).

* * * * *

**PART 239—FORMS PRESCRIBED
UNDER THE SECURITIES ACT OF 1933****PART 274—FORMS PRESCRIBED
UNDER THE INVESTMENT COMPANY
ACT OF 1940**

19. The authority citations following §§ 239.14 and 239.15A are removed.

20. The authority citation for Part 274 is revised to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b), 78l, 78m, 78n, 78o(d), 80a-8, 80a-24, and 80a-29, unless otherwise noted.

21. The authority citations following §§ 274.11, 274.11A, 274.11a-1, 274.51, and 274.101 are removed.

22. By amending Item 14 of Form N-1A (referenced in §§ 239.15A and 274.11A) to revise the caption for Column (1) in the table in paragraph (a) to read "Name, Address, and Age", to add an instruction following paragraph (b), and to revise paragraph (c) to read as follows:

Note: The text of Form N-1A does not and these amendments will not appear in the Code of Federal Regulations.

Form N-1A

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Item 14. Management of the Fund

* * * * *

(b) * * *

Instruction: Where the positions held are the same positions with two or more

registered investment companies that are part of a "Fund Complex" as that term is defined in Item 22(a) of Schedule 14A under the Exchange Act, the Registrant may, rather than listing each Registrant, identify the Fund Complex and provide the number of such positions held by the identified persons.

(c) Provide the following information for all directors of the Registrant, all members of the advisory board of the Registrant, and for each of the three highest paid executive officers or any affiliated person of the Registrant with aggregate compensation from the Registrant for the most recently completed fiscal year in excess of \$60,000 ("Compensated Persons").

(1) Furnish the information required by the following table:

COMPENSATION TABLE

(1) Name of person, position	(2) Aggregate compensation from registrant	(3) Pension or retirement ben- efits accrued as part of fund expenses	(4) Estimated annual benefits upon retirement	(5) Total compensation from registrant and fund com- plex paid to directors
------------------------------------	--	--	---	--

Instructions. 1. For column (1), indicate, if necessary, the capacity in which the remuneration is received. For Compensated Persons that are directors of the Registrant, compensation is amounts received for service as a director.

2. If the Registrant has not completed its first full year since its organization, furnish the information for the current fiscal year, estimating future payments that would be made pursuant to an existing agreement or understanding. Disclose in a footnote to the Compensation Table the period for which the information is furnished.

3. Include in column (2) amounts deferred at the election of the Compensated Person, whether pursuant to a plan established under Section 401(k) of the Internal Revenue Code [26 U.S.C. 401(k)] or otherwise, for the fiscal year in which earned. Disclose in a footnote to the Compensation Table the total amount of deferred compensation (including interest) payable to or accrued for any Compensated Person.

4. Include in columns (3) and (4) all pension or retirement benefits proposed to be paid under any existing plan in the event of retirement at normal retirement date, directly or indirectly, by the Registrant, any of its subsidiaries, or other investment companies in the Fund Complex. Omit column (4) where retirement benefits are not determinable.

5. For any defined benefit or actuarial plan under which benefits are determined primarily by final compensation (or average final compensation) and years of service, provide the information required in column (4) in a separate table showing estimated annual benefits payable upon retirement (including amounts attributable to any defined benefit supplementary or excess pension award plans) in specified compensation and years of service classifications. Also provide the estimated

credited years of service for each Compensated Person.

6. Include in column (5) only aggregate compensation paid to a director for service on the board and all other boards of investment companies in a Fund Complex specifying the number of such other investment companies.

(2) Describe briefly the material provisions of any pension, retirement, or other plan or any arrangement other than fee arrangements disclosed in paragraph (1) pursuant to which the Compensated Persons are or may be compensated for any services provided, including amounts paid, if any, to the Compensated Person under any such arrangements during the most recently completed fiscal year. Specifically include the criteria used to determine amounts payable under the plan, the length of service or vesting period required by the plan, the retirement age or other event which gives rise to payments under the plan, and whether the payment of benefits is secured or funded by the Registrant.

* * * * *

23. By amending Item 23 of Form N-1A (referenced in §§ 239.15A and 274.11A) to remove the "and" at the end of Instructions (4)(ii) and (5)(ii), to remove the period at the end of Instructions 4(iii) and 5(iii) and to add in its place "; and", and to add Instructions 4(iv) and 5(iv) to read as follows:

Form N-1A

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Item 23. Financial Statements

* * * * *

Instructions

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4. * * *

(iv) the information concerning changes in and disagreements with accountants and on accounting and financial disclosure required by Item 304 of Regulation S-K (§ 229.304 of this chapter).

5. * * *

(v) the information concerning changes in and disagreements with accountants and on accounting and financial disclosure required by Item 304 of Regulation S-K (§ 229.304 of this chapter).

24. By amending Item 18 of Form N-2 (referenced in §§ 239.14 and 274.11a-1) to revise the caption for Column (1) in the table in paragraph 1 to read "Name, Address, and Age", to add an instruction following paragraph 2, and to revise paragraph 4 to read as follows:

Note: The text of Form N-2 does not and these amendments will not appear in the Code of Federal Regulations.

Form N-2

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Item 18. Management

* * * * *

2. * * *

Instruction: Where the positions held are the same positions with two or more registered investment companies that are part of a "Fund Complex" as that term is defined in Item 22(a) of Schedule 14A under the Exchange Act, the Registrant may, rather than

listing each fund, identify the Fund Complex and provide the number of positions held by the identified persons.

3. * * *

4. Provide the following for all directors of the Registrant, all members

of the advisory board of the Registrant, and for each of the three highest paid executive officers or any affiliated person of the Registrant with aggregate compensation from the Registrant for

the most recently completed fiscal year in excess of \$60,000 ("Compensated Persons").

(a) Furnish the information required by the following table:

COMPENSATION TABLE

(1) Name of person, position	(2) Aggregate compensation from fund	(3) Pension or retirement benefits accrued as part of fund expenses	(4) Estimated annual benefits upon retirement	(5) Total compensation from fund and fund complex paid to directors
------------------------------------	--	--	---	--

Instructions. 1. For column (1), indicate, if necessary, the capacity in which the remuneration is received. For Compensated Persons that are directors of the Registrant, compensation is amounts received for service as a director.

2. If the Registrant has not completed its first full year since its organization, furnish the information for the current fiscal year, estimating future payments that would be made pursuant to an existing agreement or understanding. Disclose in a footnote to the Compensation Table the period for which the information is furnished.

3. Include in column (2) amounts deferred at the election of the Compensated Person, whether pursuant to a plan established under Section 401(k) of the Internal Revenue Code [26 U.S.C. 401(k)] or otherwise for the fiscal year in which earned. Disclose in a footnote to the Compensation Table the total amount of deferred compensation (including interest) payable to or accrued for any Compensated Person.

4. Include in columns (3) and (4) all pension or retirement benefits proposed to be paid under any existing plan in the event of retirement at normal retirement date, directly or indirectly, by the Registrant, any of its subsidiaries, or other companies in the Fund Complex. Omit column (4) where retirement benefits are not determinable.

5. For any defined benefit or actuarial plan under which benefits are determined primarily by final compensation (or average final compensation) and years of service, provide the information required in column (4) in a separate table showing estimated annual benefits payable upon retirement (including amounts attributable to any defined benefit supplementary or excess pension award plans) in specified compensation and years of service classifications. Also provide the estimated credited years of service for each Compensated Person.

6. Include in column (5) only aggregate compensation paid to a director for service on the board and all other boards of investment companies in a Fund Complex specifying the number of such other investment companies.

(b) Describe briefly the material provisions of any pension, retirement, or other plan or any arrangement other than fee arrangements disclosed in paragraph (a) pursuant to which Compensated Persons are or may be compensated for any services provided, including amounts paid, if any, to the Compensated Person under any such arrangements during the most recently completed fiscal year. Specifically include the criteria used to determine amounts payable under the plan, the length of service or vesting period required by the plan, the retirement age or other event which gives rise to payments under the plan, and whether the payment of benefits is secured or funded by the Registrant.

(c) With respect to each Compensated Person, business development companies shall include the information required by Items 402(b)(2)(iv) and 402(c) of Regulation S-K (§§ 229.402(b)(2)(iv) and 229.402(c)).

25. By amending Item 23 of Form N-2 (referenced in §§ 239.14 and 274.11a-1) to remove the "and" at the end of Instructions (4)(b) and (5)(b), to remove the period at the end of Instructions (4)(c) and (5)(c) and to add in its place "; and", and to add Instructions (4)(d) and (5)(d) to read as follows:

Form N-2

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Item 23. Financial Statements

* * * * *

Instructions

* * * * *

4. * * *

(d) the information concerning changes in and disagreements with accountants and on accounting and financial disclosure required by Item

304 of Regulation S-K (§ 229.304 of this chapter).

5. * * *

(d) the information concerning changes in and disagreements with accountant and on accounting and financial disclosure required by Item 304 of Regulation S-K (§ 239.304 of this chapter).

26. By amending Item 20 of Form N-3 (referenced in §§ 239.17a and 274.11b) to revise the caption for Column (1) in the table in paragraph (a) to read "Name, Address, and Age", to add an instruction following paragraph (b), and to revise paragraph (c) to read as follows:

Note: The text of Form N-3 does not and these amendments will not appear in the Code of Federal Regulations.

Form N-3

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Item 20. Management

* * * * *

(b) * * *

Instruction: Where the positions held are the same positions with two or more registered investment companies that are part of a "Fund Complex" as that term is defined in Item 22(a) of Schedule 14A under the Exchange Act, the Registrant may, rather than listing each investment company, identify the Fund Complex and provide the number of positions held by the identified persons.

(c) Provide the following information for all directors of the Registrant, all members of the advisory board of the Registrant, and for each of the three highest paid executive officers or any affiliated person of the Registrant with aggregate compensation from the Registrant for the most recently completed fiscal year in excess of \$60,000 ("Compensated Persons").

(1) Furnish the information required by the following table:

COMPENSATION TABLE

(1) Name of person, position	(2) Aggregate compensation from registrant	(3) Pension or retirement ben- efits accrued as part of fund expenses	(4) Estimated annual benefits upon retirement	(5) Total compensation from registrant and fund com- plex paid to directors
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Instructions. 1. For column (1), indicate, if necessary, the capacity in which the remuneration is received. For Compensated Persons that are directors of the Registrant, compensation is amounts received for service as a director.

2. If the Registrant has not completed its first full year since its organization, furnish the information for the current fiscal year, estimating future payments that would be made pursuant to an existing agreement or understanding. Disclose in a footnote to the Compensation Table the period for which the information is furnished.

3. Include in column (2) amounts deferred at the election of the Compensated Person, whether pursuant to a plan established under Section 401(k) of the Internal Revenue Code [26 U.S.C. 401(k)] or otherwise for the fiscal year in which earned. Disclose in a footnote to the Compensation Table the total amount of deferred compensation (including interest) payable to or accrued for any Compensated Person.

4. Include in columns (3) and (4) all pension or retirement benefits proposed to be paid under any existing plan in the event of retirement at normal retirement date, directly or indirectly, by the Registrant, any of its subsidiaries, or any other companies in the Fund Complex. Omit column (4) where retirement benefits are not determinable.

5. For any defined benefit or actuarial plan under which benefits are determined primarily by final compensation (or average final compensation) and years of service, provide the information required in column (4) in a separate table showing estimated annual benefits payable upon retirement (including amounts attributable to any defined benefit supplementary or excess pension award plans) in specified

compensation and years of service classifications. Also provide the estimated credited years of service for each Compensated Person.

6. Include in column (5) only aggregate compensation paid to a director for service on the board and all other boards of related Funds in a Fund Complex specifying the number of such other Funds.

7. No information is required to be provided concerning the officers of the sponsoring insurance company who are not directly or indirectly engaged in activities related to the separate account.

(2) Describe briefly the material provisions of any pension, retirement, or other plan or any arrangement other than fee arrangements disclosed in paragraph (1) pursuant to which Compensated Persons are or may be compensated for any services provided, including amounts paid, if any, to the Compensated Person under any such arrangements during the most recently completed fiscal year. Specifically include the criteria used to determine amounts payable under the plan, the length of service or vesting period required by the plan, the retirement age or other event which gives rise to payments under the plan, and whether the payment of benefits is secured or funded by the Registrant.

27. By amending Item 27 of Form N-3 (referenced in §§ 239.17a and 274.11b) to remove the "and" at the end of Instructions 4(ii) and 5(ii) to paragraph

(a), to remove the period at the end of Instructions 4(iii) and 5(iii) to paragraph (a) and to add at the end of the Instructions "; and", and to add Instructions 4(iv) and 5(iv) to read as follows:

Form N-3

* * * * *

Item 27. Financial Statements

* * * * *

Instructions

* * * * *

4. * * *

(iv) the information concerning changes in and disagreements with accountants and on accounting and financial disclosure required by Item 304 of Regulation S-K (§ 229.304 of this chapter).

5. * * *

(iv) the information concerning changes in and disagreements with accountants and on accounting and financial disclosure required by Item 304 of Regulation S-K (§ 229.304 of this chapter).

* * * * *

Dated: October 13, 1994.

By the Commission.

Margaret H. McFarland,
Deputy Secretary.

Note: This appendix to the preamble will not appear in the Code of Federal Regulations.

APPENDIX.—COMPARATIVE FEE TABLE

Annual fund operating expenses (as a percentage of average net assets)	Existing fee (percent)	Proposed fee (percent)
Management fee	0.52	0.75
12b-1 fees	None	None
Other expenses	0.20	0.20
Total fund operating expenses	0.72	0.95

Example

The following illustrates the expenses on a \$1,000 investment under the existing and proposed fees and the expenses stated above, assuming (1) a 5% annual return and (2) redemption at the end of each time period:

	1 year	3 years	5 years	10 years
Existing fee	\$8	\$24	\$42	\$95
Proposed fee	10	31	55	125

The purpose of this example and the table is to assist investors in understanding the various costs and expenses of investing in shares of the Fund. The example above should not be considered a representation of past or future expenses of the Fund. Actual expenses may vary from year to year and may be higher or lower than those shown above.

[FR Doc. 94-25813 Filed 10-18-94; 8:45 am]

BILLING CODE 8010-01-P

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

29 CFR Part 1601

706 Agencies; Durham (NC) Human Relations Commission

AGENCY: Equal Employment Opportunity Commission.

ACTION: Final rule.

SUMMARY: The Equal Employment Opportunity Commission amends its regulations designating certain State and local fair employment practices agencies (706 Agencies) so that they may handle employment discrimination charges within their jurisdictions. Publication of this amendment effectuates the designation of the Durham (NC) Human Relations Commission.

EFFECTIVE DATE: October 19, 1994.

FOR FURTHER INFORMATION CONTACT: Boyce Nolan, Equal Employment Opportunity Commission, Office of Program Operations, Charge Resolution Review Program, 1801 L Street NW., Washington, DC 20507, Telephone (202) 663-4856.

SUPPLEMENTARY INFORMATION:

List of Subjects in 29 CFR Part 1601

Administrative practice and procedure, Equal employment opportunity, Intergovernmental relations.

Accordingly, title 29, chapter XIV, part 1601 of the Code of Federal Regulations is amended as follows:

PART 1601—PROCEDURAL REGULATIONS

1. The authority citation for part 1601 continues to read as follows:

Authority: 42 U.S.C. 2000e to 2000e-17; 42 U.S.C. 12111 to 12117.

2. Section 1601.74(a) is amended by adding in alphabetical order the following agency: § 1601.74 Designated and notice agencies.

(a) * * *

Durham (NC) Human Relations Commission

* * * * *

Signed at Washington, DC, this 14th day of October 1994.

For the Commission.

James H. Troy,

Director, Office of Program Operations.

[FR Doc. 94-25878 Filed 10-18-94; 8:45 am]

BILLING CODE 6750-01-M

DEPARTMENT OF EDUCATION

34 CFR Part 685

RIN 1840-AC11

Federal Direct Student Loan Program

AGENCY: Department of Education.

ACTION: Final Standards, Criteria, and Procedures, compliance with information collection requirements.

SUMMARY: The Secretary amends the final Standards, Criteria, and Procedures under the Federal Direct Student Loan (Direct Loan) Program to add the Office of Management and Budget (OMB) control numbers to certain sections of the Standards, Criteria, and Procedures. Those sections contain information collection requirements approved by OMB. The Secretary takes this action to inform the public that these requirements have been approved, and therefore affected parties must comply with them.

EFFECTIVE DATE: October 19, 1994.

FOR FURTHER INFORMATION CONTACT: Rachel Edelstein, U.S. Department of Education, 600 Independence Avenue, S.W., Room 3012, ROB-3, Washington, D.C. 20202. Telephone (202) 708-9406. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339 between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

SUPPLEMENTARY INFORMATION: On July 1, 1994, final Standards, Criteria, and Procedures were published in the *Federal Register* governing the repayment and consolidation of loans under the Federal Direct Student Loan (Direct Loan) Program in the academic year beginning July 1, 1994 (59 FR 34278). Compliance with information collection requirements in 34 CFR 685.209, 685.213, 685.214, and 685.215 was delayed until those requirements were approved by OMB under the Paperwork Reduction Act of 1980. On September 23, 1994 OMB approved those information collection requirements under that Act; therefore

affected parties must now comply with those requirements.

Waiver of Proposed Rulemaking

In accordance with section 431(b)(2)(A) of the General Education Provisions Act (20 U.S.C. 1232(b)(2)(A)) and the Administrative Procedure Act (5 U.S.C. 553), it is the practice of the Secretary to offer interested parties the opportunity to comment on proposed regulations. However, the publication of OMB control numbers is purely technical and does not establish substantive policy. Therefore, the Secretary has determined under 5 U.S.C. 553(b)(B) that proposed rulemaking is unnecessary and contrary to the public interest and that a delayed effective date is not required under 5 U.S.C. 553(d)(3).

List of Subjects in 34 CFR Part 685

Administrative practice and procedure, Colleges and universities, Education, Loan programs—education, Student Aid, Vocational education.

(Catalog of Federal Domestic Assistance Number 84.268, Federal Direct Student Loan).

Dated: October 12, 1994.

David A. Longanecker,

Assistant Secretary for Postsecondary Education.

PART 685—STANDARDS, CRITERIA, AND PROCEDURES FOR THE DIRECT LOAN PROGRAM

1. The authority citation for part 685 continues to read as follows:

Authority: 20 U.S.C. 1087a et seq.

§§ 685.209, 685.213, 685.214 and 685.215 [Amended]

2. Sections 685.209, 685.213, 685.214, and 685.215 are amended by adding the OMB control number at the end of these sections to read as follows:

“(Approved by the Office of Management and Budget under control number 1840-0693)”

[FR Doc. 94-25827 Filed 10-18-94; 8:45 am]

BILLING CODE 4000-01-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[VA20-2-6407; FRL-5082-9]

Approval and Promulgation of Air Quality Implementation Plans; Virginia: Definition of VOC and Emission Control Areas

AGENCY: Environmental Protection Agency (EPA).

ACTION: Direct final rule.