

The rule requires each Access Person of a fund (other than a money market fund or a fund that does not invest in Covered Securities) and of an investment adviser or principal underwriter of the fund, who is not subject to an exception,<sup>5</sup> to file: (i) Within 10 days of becoming an Access Person, a dated initial holdings report that sets forth certain information with respect to the access person's securities and accounts, (ii) within 10 days of the end of each calendar quarter, a dated quarterly transaction report providing certain information with respect to any securities transactions during the quarter and any account established by the Access Person in which any securities were held during the quarter, and (iii) dated annual holding reports providing information with respect to each covered security the Access Person beneficially owns and accounts in which securities are held for his or her benefit. In addition, rule 17j-1 requires investment personnel of a fund or its investment adviser, before acquiring beneficial ownership in securities through an initial public offering (IPO) or in a private placement, to obtain approval from the fund or the fund's investment adviser.

The requirements that the management of a rule 17j-1 organization provide the fund's board with new and amended codes of ethics and an annual issues and certification report are intended to enhance board oversight of personal investment policies applicable to the fund and the personal investment activities of Access Persons. The requirements that Access Persons provide initial holdings reports, quarterly transaction reports, and annual holdings reports and request approval for purchases of securities through IPOs and private placements are intended to help fund compliance personnel and the Commission's examinations staff monitor potential conflicts of interest and detect potentially abusive activities. The requirement that each rule 17j-1 organization maintain certain records is intended to assist the organization and the Commission's examinations staff in determining if there have been violations of rule 17j-1.

The Commission estimates that each year a total of 73,976 Access Persons and 17j-1 organizations are subject to the rule's reporting requirements. Respondents provide approximately 102,230 responses each year. The total

annual burden of the rule's paperwork requirements is estimated to be approximately 243,884 hours. Of the total, 38,722 hours are associated with reporting requirements for access persons, and the remaining 205,162 hours are associated with the requirements applicable to rule 17j-1 entities.

These burden hour estimates are based upon the Commission staff's experience and discussions with the fund industry. The estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. These estimates are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

Written comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (b) the accuracy of the Commission's estimate of the burden of the collections of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burdens of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: April 26, 2004.

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49624; File No. PCAOB-2003-11]

### Public Company Accounting Oversight Board; Order Approving Proposed Technical Amendments to Interim Standards Rules

April 28, 2004.

#### I. Introduction

On December 23, 2003, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Securities and Exchange

Commission (the "Commission") proposed rule amendments (PCAOB-2003-11) pursuant to sections 101, 103 and 107 of the Sarbanes-Oxley Act of 2002 (the "Act"), consisting of technical amendments to the PCAOB's interim standards rules. Notice of the proposed rule amendments was published in the **Federal Register** on March 24, 2004.<sup>1</sup> The Commission received no comment letters relating to the proposed rule amendments.<sup>2</sup> For the reasons discussed below, the Commission is granting approval of the proposed rule amendments.

#### II. Description

Section 103 of the Act directs the PCAOB to establish auditing and related attestation standards, quality control standards, and ethics standards to be used by registered public accounting firms in the preparation and issuance of audit reports as required by the Act or the rules of the Commission. Section 103 of the Act also authorized the PCAOB to adopt initial or transitional standards, to the extent the Board deemed necessary, and directed that any such initial or transitional standards would be separately approved by the Commission at the same time the Commission made its determination that the PCAOB was operational under section 101(d) of the Act.

Pursuant to its standards-setting authority under the Act, on April 16, 2003, the Board adopted on an initial, transitional basis five temporary rules that directed registered public accounting firms to comply with the then-existing generally accepted standards on auditing, attestation, quality control, ethics and independence (the "interim standards rules"). On November 12, 2003, the Board proposed technical amendments to its interim standards rules to reflect that, when the Board adopts a new auditing or related professional practice standard that addresses a subject matter also addressed in the interim standards, the affected portion of the interim standards will be superseded or amended. Specifically, the proposed technical amendments add the phrase "to the extent not superseded or amended by the Board" to each of the Board's interim standards rules (PCAOB

<sup>1</sup> See Rel. No. 34-49444 (March 18, 2004).

<sup>2</sup> The Commission received one comment letter in response to the request for comments on the proposed technical amendments, but the letter's contents related solely to the PCAOB's Proposed Rule on Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements* (Rel. No. 34-49544; File No. PCAOB-2004-03).

<sup>5</sup> Rule 17j-1(d)(2) exempts Access Persons from reporting in five instances in which reporting would be duplicative or would not serve the purposes of the rule.

Rules 3200T, 3300T, 3400T, 3500T and 3600T).

The PCAOB adopted the proposed technical amendments to its interim standards rules on December 17, 2003, and submitted them for Commission approval on December 23, 2003. Pursuant to the requirements of section 107(b) of the Act and Section 19(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Commission published the proposed amendments for public comment on March 18, 2004.

### III. Discussion

The Commission received no public comments relating to the PCAOB's proposed technical amendments to its interim standards rules. Section 103 of the Act directs the PCAOB to establish auditing and related professional practice standards. Section 103 also authorized the PCAOB to adopt initial or transitional standards, subject to the approval of the Commission. Pursuant to this authority, the Board adopted five interim standards rules as its initial, transitional auditing and related professional practice standards. These interim standards rules facilitate the Board's exercise of its standards-setting authority under the Act and assist in fulfilling the Board's standards-setting obligations under the Act. The proposed technical amendments are intended to revise these interim standards rules to clarify that a registered public accounting firm, and its associated persons, should comply with the Board's interim standards rules "to the extent not superseded or amended by the Board."

### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed technical amendments to the Board's interim standards rules are consistent with the requirements of the Act and the securities laws and are necessary and appropriate in the public interest and for the protection of investors.

*It is therefore ordered*, pursuant to section 107 of the Act and section 19(b)(2) of the Exchange Act, that the proposed rule amendments (File No. PCAOB-2003-11) be and hereby are approved.

By the Commission.

**Margaret H. McFarland,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49621; File No. SR-Amex-2004-19]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto by the American Stock Exchange LLC Relating to the Listing and Trading of Contingent Principal Protection Notes Linked to the Performance of the Dow Jones Global Titans Index

April 26, 2004.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 15, 2004, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On April 23, 2004, Amex filed an amendment to the proposal.<sup>3</sup> The proposal was amended again on April 23, 2004.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and is approving the proposal on an accelerated basis.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade principal protected notes, linked to the performance of the Dow Jones Global Titans 50 Index ("Global Titans Index").

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Amex included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed

rule change, as amended. The text of these statements may be examined at the places specified in Item III below. The Amex has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

Under section 107A of the Amex Company Guide ("Company Guide"), the Exchange may approve for listing and trading securities which cannot be readily categorized under the listing criteria for common and preferred stocks, bonds, debentures, or warrants.<sup>5</sup> The Amex proposes to list for trading under section 107A of the Company Guide notes linked to the performance of the Global Titans Index that provide for principal protection ("Principal Protected Notes" or "Notes").<sup>6</sup> Citigroup will issue the Notes under the name "Principal Protected Equity Linked Notes." The Global Titans Index is determined, calculated and maintained solely by Dow Jones.<sup>7</sup> The Notes will provide for a participation in the positive performance of the Global Titans Index during their term while also reducing the risk exposure to the principal investment amount.

The Principal Protected Notes will conform to the initial listing guidelines under section 107A<sup>8</sup> and continued

<sup>5</sup> See Securities Exchange Act Release No. 27753 (March 1, 1990), 55 FR 8626 (March 8, 1990) (order approving File No. SR-Amex-89-29).

<sup>6</sup> Citigroup Global Markets Holdings, Inc. ("Citigroup") and Dow Jones & Co. ("Dow Jones") have entered into a non-exclusive license agreement providing for the use of the Global Titans Index by Citigroup and certain affiliates and subsidiaries in connection with certain securities including these Notes. Dow Jones is not responsible and will not participate in the issuance and creation of the Notes.

<sup>7</sup> The Global Titans Index is a price-weighted index that consists of fifty (50) common stocks. The Index seeks to provide an effective representation of the world's largest global companies. The companies included in the Index are selected for their market capitalization, assets, book value, sales/revenue and net profits. On an annual basis, Dow Jones selects the world's largest stocks by market capitalization to create the Global Titans universe of potential companies. After determining this list, Dow Jones then uses a model, described below, to create the Index based on the factors noted above. The Index was launched on August 11, 1999 with a value of 250.96.

<sup>8</sup> The initial listing standards for the Notes require: (1) A minimum public distribution of one million units; (2) a minimum of 400 shareholders; (3) market value of at least \$4 million; and (4) a term of at least one year. In addition, the listing guidelines provide that the issuer has assets in excess of \$100 million, stockholder's equity of at least \$10 million, and pre-tax income of at least \$750,000 in the last fiscal year or in two of the three

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240. 19b-4.

<sup>3</sup> See letter from Eric Van Allen, Assistant General Counsel, Amex, to Florence E. Harmon, Senior Special Counsel, Division of Market Regulation ("Division"), Commission, dated April 23, 2004 ("Amendment No. 1"). In Amendment No. 1, Amex filed a 19b-4 that replaced and superseded the original filing in its entirety.

<sup>4</sup> See letter from Eric Van Allen, Assistant General Counsel, Amex, to Florence E. Harmon, Senior Special Counsel, Division, Commission, dated April 23, 2004 ("Amendment No. 2"). In Amendment No. 2, Amex added a discussion regarding the methodology used by Dow Jones for selecting stocks for the Dow Jones Global Titans Index.