

total annual burden of filling out the form is one hour and the total annual cost is approximately \$38.¹⁴ The Commission will not keep responses on Form N-17D-1 confidential.

Rule 18f-1 [17 CFR 270.18f-1] enables a registered open-end management investment company that may redeem its securities in-kind, by making a one-time election, to commit to make cash redemptions pursuant to certain requirements without violating section 18(f) of the Investment Company Act [15 U.S.C. 80a-18(f)]. A fund relying on the rule must file Form N-18F-1 [17 CFR 274.51] to notify the Commission of this election. The Commission staff estimates that approximately 70 funds file Form N-18F-1 annually, and that each response takes approximately one hour. Based on these estimates, the total annual burden hours associated with the rule is estimated to be 70 hours.

The collection of information required by rule 18f-1 is necessary to obtain the benefits of the rule. Responses to the collection of information will not be kept confidential.

Rule 19b-1 is entitled "Frequency of Distribution of Capital Gains." The rule prohibits registered investment companies from distributing long-term capital gains more than once every twelve months unless certain conditions are met. Rule 19b-1(c) permits unit investment trusts ("UITs") engaged exclusively in the business of investing in certain eligible fixed-income securities to distribute long-term capital gains more than once every twelve months, if (i) the capital gains distribution falls within one of several categories specified in the rule [rule 19b-1(c)(1)] and (ii) the distribution is accompanied by a report to the unit holder that clearly describes the distribution as a capital gains distribution [rule 19b-1(c)(2)] (the "notice requirement"). The purpose of this notice requirement is to ensure that unit holders understand that the source of the distribution is long-term capital gains.

Rule 19b-1(e) permits a fund to apply for permission to distribute long-term capital gains more than once a year if the fund did not foresee the circumstances that created the need for the distribution. The application must set forth the pertinent facts and explain the circumstances that justify the

distribution. An application that meets those requirements is deemed to be granted unless the Commission denies the request within 15 days after the Commission receives the application. The Commission uses the information required by rule 19b-1(e) to facilitate the processing of requests from funds for authorization to make a distribution that would not otherwise be permitted by the rule.

The Commission staff estimates that the time required to prepare an application under rule 19b-1(e) is approximately four hours. The staff estimates that on average one fund files one application per year under this rule. Based on these estimates, the total paperwork burden is 4 hours for paragraph (e) of rule 19b-1. The Commission staff estimates that there is no hour burden associated with rule 19b-1(c).

There is, however, a cost burden associated with rule 19b-1(c). The staff estimates that there are approximately 8,800 fixed-income UITs, which may rely on rule 19b-1(c) to make capital gains distributions. We estimate that on average each of these UITs relies on rule 19b-1(c) once a year to make a capital gains distribution.¹⁵ We estimate that a UIT incurs a cost of \$50, which is encompassed within the fee the UIT pays its trustee, to prepare a notice for a capital gains distribution under rule 19b-1(c)(2). Because the notices are mailed with the capital gains distribution, there is no separate mailing cost. Thus, the staff estimates that the notice requirement imposes an annual cost on UITs of approximately \$440,000.

Based on these calculations, the total number of respondents for rule 19b-1 is estimated to be 8,801 (8,800 UIT portfolios + 1 fund filing an application under rule 19b-1(e)), the total hour burden is estimated to be 4 hours, and the total cost burden is estimated to be \$440,000.

The collections of information required by 19b-1(c) and 19b-1(e) are necessary to obtain the benefits described above. Responses will not be kept confidential.

These estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Please direct general comments regarding the above information to the

following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: July 16, 2002.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 02-18565 Filed 7-22-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25665 ; 812-12748]

MassMutual Institutional Funds, et al.; Notice of Application

July 17, 2002.

AGENCY: Securities and Exchange Commission ("SEC" or "Commission").

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") to amend a prior order that granted an exemption from section 15(a) of the Act and rule 18f-2 under the Act.

SUMMARY OF THE APPLICATION:

Applicants request an order to amend a prior order ("Prior Order") that permits them to enter into and materially amend sub-advisory agreements without shareholder approval.¹ The amended order would exempt applicants from certain disclosure requirements.

APPLICANTS: MassMutual Institutional Funds ("MMIF"), MML Series Investment Fund ("MML Series," and together with MMIF, the "Trusts") and Massachusetts Mutual Life Insurance Company (the "Manager").

FILING DATES: The application was filed on December 17, 2001, and amended on July 11, 2002.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on

¹⁴ Commission staff estimate that the annual burden would be incurred by accounting professionals with an average hourly wage rate of \$37.50 per hour. See Securities Industry Association, *Report on Management and Professional Earnings in the Securities Industry—2000* (2000) (reporting median salary paid to senior accountants outside New York).

¹⁵ The number of times UITs rely on the rule to make capital gains distributions depends on a wide range of factors and, thus, can vary greatly across years.

¹ MassMutual Institutional Funds, et al., Investment Company Act Release Nos. 25211 (Oct. 16, 2001) (notice) and 25260 (Nov. 9, 2001) (order).

August 12, 2002, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549-0609. Applicants, 1295 State Street, B379, Springfield, MA 01111-0001.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Senior Counsel, at (202) 942-0634 or Mary Kay Frech, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 5th Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. The Trusts are registered under the Act as open-end management investment companies and are comprised of multiple series (each a "Fund" and together the "Funds").² The Manager serves as the investment manager to each Fund pursuant to separate investment management agreements between each Trust and the Manager ("Management Agreements") that were approved by the board of trustees of the relevant Trust (each, the "Board," and collectively, the "Boards"), including a majority of the trustees who are not "interested persons" as defined in section 2(a)(19) of the Act ("Independent Trustees") and each Fund's shareholders. Under the terms of the Management Agreements, the Manager provides investment management services to each Fund while delegating the day-to-day portfolio management for each Fund to one or more sub-advisers ("Sub-Advisers") pursuant to separate investment sub-advisory agreements

² Applicants also request relief with respect to future series of the Trusts and all future registered open-end management investment companies or series thereof that (a) are advised by the Manager or any entity controlling, controlled by, or under common control with the Manager; (b) use the multi-manager structure described in the application; and (c) comply with the terms and conditions in the application and the Prior Order ("Future Funds," and together with the Funds, the "Funds"). The Trusts are the only existing investment companies that currently intend to rely on the requested order.

("Sub-Advisory Agreements").³ The Prior Order permits the Manager, subject to approval by the respective Board, to enter into and materially amend Sub-Advisory Agreements without seeking shareholder approval. The Prior Order does not extend to a Sub-Advisory Agreement with any Sub-Adviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of a Fund or the Manager (other than by reason of serving as a Sub-Adviser to a Fund) ("Affiliated Sub-Adviser").

2. Applicants request an order that would amend the Prior Order to exempt the Funds from the various disclosure provisions described below. These provisions may require the Funds to disclose the fees paid by the Manager to each Sub-Adviser. An exemption is requested to permit the Funds to disclose (as both a dollar amount and as a percentage of a Fund's net assets): (a) Aggregate fees paid to the Manager and Affiliated Sub-Advisers; and (b) aggregate fees paid to Sub-Advisers other than Affiliated Sub-Advisers ("Aggregate Fee Disclosure"). If a Fund employs an Affiliated Sub-Adviser, the Fund will provide separate disclosure of any fees paid to the Affiliated Sub-Adviser.

Applicants' Legal Analysis

1. Form N-1A is the registration statement used by open-end investment companies. Item 15(a)(3) of Form N-1A requires disclosure of the method and amount of the investment adviser's compensation.

2. Rule 20a-1 under the Act requires proxies solicited with respect to an investment company to comply with Schedule 14A under the Securities Exchange Act of 1934. Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8), and 22(c)(9) of Schedule 14A, taken together, require a proxy statement for a shareholder meeting at which the advisory contract will be voted upon to include the "rate of compensation of the investment adviser," the "aggregate amount of the investment adviser's fees," a description of "the terms of the contract to be acted upon," and, if a change in the advisory fee is proposed, the existing and proposed fees and the difference between the two fees.

3. Form N-SAR is the semi-annual report filed with the Commission by registered investment companies. Item 48 of Form N-SAR requires investment

³ If the name of any Fund contains the name of a Sub-Adviser, the name of the Fund also will contain the name of the Manager (or an acronym of the name of the Manager), or the name of the entity controlling, controlled by, or under common control with the Manager to the Funds, which will appear before the name of the Sub-Adviser.

companies to disclose the rate schedule for fees paid to their investment advisers, including the Sub-Advisers.

4. Regulation S-X sets forth the requirements for financial statements required to be included as part of investment company registration statements and shareholder reports filed with the Commission. Sections 6-07(2)(a), (b), and (c) of Regulation S-X require that investment companies include in their financial statements information about investment advisory fees.

5. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction or any class or classes of persons, securities, or transactions from any provision of the Act, or from any rule thereunder, if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants believe that their requested relief meets this standard for the reasons discussed below.

6. Applicants assert that many Sub-Advisers charge their customers for advisory services according to a "posted" rate schedule. Applicants state that while Sub-Advisers are willing to negotiate fees lower than those posted in the schedule, particularly with large institutional clients, they are reluctant to do so when the fees are disclosed to other prospective and existing customers. Applicants submit that the relief will encourage Sub-Advisers to negotiate lower fees with the Manager, the benefits of which are likely to be passed on to a Fund's shareholders.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the conditions contained in the Prior Order and the following additional conditions:

1. With respect to the Funds relying on the requested relief, the Manager will provide the Board, no less frequently than quarterly, with information about the Manager's profitability on a per Fund basis. This information will reflect the impact on profitability of the hiring or termination of any Sub-Adviser during the applicable quarter.

2. Whenever a Sub-Adviser is hired or terminated, the Manager will provide the relevant Board with information showing the expected impact on the Manager's profitability.

3. Each Trust will disclose in its registration statement the Aggregate Fee Disclosure.

4. Independent counsel knowledgeable about the Act and the

duties of Independent Trustees will be engaged to represent the Independent Trustees. The selection of such counsel will be within the discretion of the then-existing Independent Trustees.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-18564 Filed 7-22-02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of July 22, 2002:

Closed Meetings will be held on Monday, July 22, 2002, at 2:30 p.m. and Tuesday, July 23, 2002, at 2:30 p.m., and an Open Meeting will be held on Wednesday, July 24, 2002, at 2:30 p.m., in Room 1C30, the William O. Douglas Room.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meetings. Certain staff members who have an interest in the matters may also be present.

Commissioner Glassman, as duty officer, determined that no earlier notice thereof was possible.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), (9)(B), and (10) and 17 CFR 200.402(a)(3), (5), (7), (9)(ii) and (10), permit consideration of the scheduled matters at the Closed Meetings.

The subject matter of the Closed Meeting scheduled for Monday, July 22, 2002, will be:

Formal orders of investigation;
Institution and settlement of injunctive actions; and
Institution and settlement of administrative proceedings of an enforcement nature.

The subject matter of the Closed Meeting scheduled for Tuesday, July 23, 2002, will be:

Institution and settlement of injunctive actions;
Institution and settlement of administrative proceedings of an enforcement nature;
Amici participation; and
Opinion.

The subject matter of the Open Meeting scheduled for Wednesday, July 24, 2002, will be:

1. The Commission will consider whether to adopt rules governing customer margin for security futures. The rules would be adopted jointly with the Commodity Futures Trading Commission pursuant to section 7(c)(2) of the Securities Exchange Act of 1934 ("Exchange Act"), which, among other things, requires that the customer margin requirements for security futures be consistent with the margin requirements for comparable option contracts traded on any exchange registered pursuant to section 6(a) of the Exchange Act and provide for initial and maintenance margin levels that are not lower than the lowest level of margin, exclusive of premium, required for comparable exchange-traded options.

2. The Commission will consider whether to propose a new rule that would require analysts to provide certifications regarding research reports and to provide disclosures regarding their compensation related to those reports.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: July 19, 2002.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-18696 Filed 7-19-02; 11:48 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46210; File No. SR-Amex-2001-08]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change by the American Stock Exchange LLC To Relax Certain Restrictions on Specialist Affiliates

July 16, 2002.

I. Introduction

On February 14, 2001, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposal to provide an exemption to the general rule against a specialist affiliate serving as an officer or director of a company for which that specialist is registered. On March 14,

2001, the Commission published the proposed rule change in the **Federal Register**.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

Amex and the New York Stock Exchange ("NYSE") each have a general rule that prohibits a director of an issuer from being an approved person of a member organization that specializes in that issuer's securities.⁴ The exchanges differ, however, in that the NYSE's rules allow for exemptions to this general prohibition,⁵ but Amex's rules do not. Amex has stated that, since investment banks frequently have personnel serving as directors of private and public companies, the absence of an exemption from Amex Rules 186(a) and 950(i) may create a disincentive for investment banks to establish or maintain a specialist affiliate on the Exchange. Amex, accordingly, has proposed to provide an exemption from Amex Rules 186(a) and 950(i) for specialist affiliates that establish Exchange-approved information barriers.

The Exchange also has proposed a technical correction to Amex Rule 193 to clarify that one of the exemptions provided for by that rule applies to options specialists as well as equity specialists. Currently, Amex Rule 193(c) explicitly provides an exemption to the restrictions in Amex Rule 170 only for approved persons of equity specialists, although the rule implicitly extends this exemption to options specialists.⁶ The proposed rule change would explicitly do so.

III. Discussion

The Commission finds that the proposed rule change is consistent with

³ See Securities Exchange Act Release No. 44048 (March 7, 2001), 66 FR 14945.

⁴ See NYSE Rule 460(b) ("No member or his member organization or any other member, allied member, or approved person in such member organization or officer or employee of the member organization shall be a director of a company if such member specializes in the stock of that company"); Amex Rule 186(a) ("No specialist or any member in his member organization, officer, employee or approved person therein shall be an officer or director of a corporation which has a security admitted to trading on the Exchange in which security the specialist is registered"). See also Amex Rule 950(i) (extending the provisions of Amex Rule 186 to the trading of option contracts).

⁵ See NYSE Rule 98, Guidelines for Approved Persons Associated with a Specialist's Member Organization.

⁶ Amex Rule 170(e) provides that no approved person who is affiliated with a specialist may purchase or sell any security in which such specialist is registered for any account in which that the approved person has a direct or indirect interest. Amex Rule 950(n) states that Amex Rule 170 (and Commentaries .03 and .04 thereto) apply to option transactions on the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.