

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Extension: Rule 23c-3 and Form N-23c-3; SEC File No. 270-373; OMB Control No. 3235-0422]

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, 450 5th Street, NW., Washington, DC 20549.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 350 *et. seq.*), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension and approval of the collections of information discussed below.

Rule 23c-3 under the Investment Company Act of 1940 [17 CFR 270.23c-3] is entitled: "Repurchase of Securities of Closed-End Companies." The rule permits certain closed-end investment companies ("closed-end funds" or "funds") periodically to offer to repurchase from shareholders a limited number of shares at net asset value. The rule includes several reporting and recordkeeping requirements. The fund must send shareholders a notification that contains specified information each time the fund makes a repurchase offer (on a quarterly, semi-annual, or annual basis, or for certain funds, on a discretionary basis not more often than every two years). The fund also must file copies of the shareholder notification with the Commission (electronically through the Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR")) attached to Form N-23c-3 [17 CFR 274.221], a cover sheet that provides limited information about the fund and the type of offer the fund is making.¹ The fund must describe in its annual report to shareholders the fund's policy concerning repurchase offers and the results of any repurchase offers made during the reporting period. The fund's board of directors must adopt written procedures designed to ensure that the fund's investment portfolio is sufficiently liquid to meet its repurchase obligations and other obligations under the rule. The board periodically must review the composition of the fund's portfolio and change the liquidity

¹ Form N-23c-3 requires the fund to state its registration number, its full name and address, the date of the accompanying shareholder notification, and the type of offer being made (periodic, discretionary, or both).

procedures as necessary. The fund also must file copies of advertisements and other sales literature with the Commission as if it were an open-end investment company subject to section 24 of the Investment Company Act (15 U.S.C. 80a-24) and the rules that implement section 24.²

The requirement that the fund send a notification to shareholders of each offer is intended to ensure that a fund provides material information to shareholders about the terms of each offer, which may differ from previous offers on such matters as the maximum amount of shares to be repurchased (the maximum repurchase amount may range from 5% to 25% of outstanding shares). The requirement that copies be sent to the Commission is intended to enable the Commission to monitor the fund's compliance with the notification requirement. The requirement that the shareholder notification be attached to Form N-23c-3 is intended to ensure that the fund provides basic information necessary for the Commission to process the notification and to monitor the fund's use of repurchase offers. The requirement that the fund describe its current policy on repurchase offers and the results of recent offers in the annual shareholder report is intended to provide shareholders current information about the fund's repurchase policies and its recent experience. The requirement that the board approve and review written procedures designed to maintain portfolio liquidity is intended to ensure that the fund has enough cash or liquid securities to meet its repurchase obligations, and that written procedures are available for review by shareholders and examination by the Commission. The requirement that the fund file advertisements and sales literature as if it were an open-end investment company is intended to facilitate the review of these materials by the Commission or the NASD to prevent incomplete, inaccurate, or misleading disclosure about the special characteristics of a closed-end fund that makes periodic repurchase offers.

The Commission staff estimates that 23 funds currently rely upon the rule. The staff estimates that each fund spends approximately 80 hours annually in preparing, mailing, and filing shareholder notifications for each repurchase offer, 4 hours annually in preparing and filing Form N-23c-3, 6

² Rule 24b-3 under the Investment Company Act [17 CFR 270.24b-3], however, would generally exempt the fund from that requirement when the materials are filed instead with the National Association of Securities Dealers ("NASD"), as nearly always occurs under NASD procedures, which apply to the underwriter of every fund.

hours annually in preparing disclosures in the annual shareholder report concerning the fund's repurchase policy and recent offer, 28 hours annually in preparing procedures to protect portfolio liquidity, and 8 hours annually in performing subsequent reviews of these procedures. The total annual burden of the rule's paperwork requirements for all funds thus is estimated to be 2898 hours. This represents an increase of 1638 hours from the prior estimate of 1260 hours. The increase results primarily from an increase in the number of funds relying upon the rule from 10 to 23 funds.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Compliance with the collection of information requirements of the rule and form is mandatory only for those funds that rely on the rule in order to repurchase shares of the fund. 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, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: June 1, 2001.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 155, OMB Control No. 3235-0549, SEC File No. 270-492;

Rule 477, OMB Control No. 3235-0550, SEC File No. 270-493.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below.

Rule 155 under the Securities Act provides safe harbors for a registered offering following an abandoned private offering, or a private offering following an abandoned registered offering, without integrating the registered and private offering in either case. Rule 155 requires any prospectus filed as a part of a registration statement after a private offering to include disclosure regarding abandonment of the private offering. Similarly, the rule requires an issuer to provide each offeree in a private offering following an abandoned registered offering with: (1) Information concerning withdrawal of the registration statement; (2) the fact that the private offering is unregistered; and (3) the legal implications of the offering's unregistered status. The likely respondents will be companies. All information submitted to the Commission is available to the public for review. Companies only need to satisfy the Rule 155 information requirements if they wish to avail themselves of the rule's safe harbors. The Rule 155 information is required only on occasion. It is estimated that 600 issuers will file Rule 155 submissions annually at an estimated 4 hours per response. Also, it is estimated that 50% of the 2,400 total annual burden hours (1200 burden hours) would be prepared by the company. We estimate that the company's outside counsel would prepare the other 1,200 burden hours.

Rule 477 under the Securities Act sets forth procedures for withdrawing a registration statement or any amendment or exhibits thereto. The Rule provides that if a registrant applies in anticipation of reliance on Rule 155's registered-to-private safe harbor, the registrant must state in the withdrawal application that the registrant plans to undertake a subsequent private offering in reliance on the rule. Without this statement, the Commission would not be able to monitor issuers' reliance on and compliance with Rule 155(c). The likely respondents will be companies. All information submitted to the Commission under Rule 477 is available to the public for review. Information provided under Rule 477 is mandatory.

The information is required on occasion. It is estimated that 300 issuers will file Rule 477 submissions annually at an estimated one-hour per response for a total annual burden of 300 hours.

Finally, 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.

Written comments regarding the above information should be directed 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 10102, 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: May 30, 2001.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-14330 Filed 6-6-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44376; File No. SR-ISE-00-19]

Self Regulatory Organizations; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 1 Thereto by the International Securities Exchange LLC Adopting an Obvious Error Rule

June 1, 2001.

I. Introduction

On November 20, 2000, the International Securities Exchange LLC ("ISE" or "Exchange"), submitted to 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 proposed rule change to give the ISE the authority to bust or adjust trades that result from clearly erroneous orders or quotations.

The proposed rule change was published for comment in the **Federal Register** on January 18, 2001.³ One comment letter was received on the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 43830 (January 10, 2001), 66 FR 4880 (January 18, 2001).

proposal.⁴ On May 30, 2001, the ISE submitted Amendment No. 1 to the proposed rule change to the Commission.⁵ This Order approves the proposed rule change. In addition, the Commission is issuing notice of, granting accelerated approval to, and soliciting comments on, Amendment No. 1 to the proposed rule change.

II. Description of the Proposal

The Exchange proposes to adopt new ISE Rule 720, as amended, that would allow it to either adjust or bust a transaction in circumstances where a member or its customer has made an error and the price of the execution is "obviously" not correct. The proposed rule contains objective standards regarding when a transaction was clearly the result of an "obvious error," under what circumstances a trade would be adjusted or busted, and to what price a trade would be adjusted if adjustment were appropriate under the circumstances.

Under proposed ISE Rule 720, when a member believes that it has participated in a transaction that was the result of an obvious error, it must notify ISE Market Control within a specified time of the execution. The proposed rule requires Exchange market makers, who are continuously monitoring their transactions on the ISE, to notify ISE Market Control within five minutes of an execution. The proposed rule allows Electronic Access Members ("EAMs"), who may handle customer orders on multiple exchanges simultaneously and who may need to contact customers for instruction, up to twenty minutes to notify ISE Market Control. Absent unusual circumstances, ISE Market Control would not grant relief unless notification is made within the prescribed time periods.⁶

⁴ This comment letter is more fully discussed below in Section III, Comment and Response. See Letter from George Brunelle, Brunelle & Hadjicow, to Jonathan G. Katz, Secretary, Commission, dated February 6, 2001 ("Brunelle Letter").

⁵ Letter from Michael Simon, Senior Vice President and General Counsel, ISE, to Susie Cho, Division of Market Regulation ("Division"), Commission, dated May 29, 2001 ("Amendment No. 1"). In Amendment No. 1, the ISE proposed to change the composition of the Obvious Error Panel to comprise two Electronic Access Members and two members that are market makers on the Exchange. The ISE also amended the proposed rule change to state that the ISE Market Control, not the Obvious Error Panel, would determine the theoretical price of an option where there are no quotes to be relied on for comparison purposes. Finally, the ISE clarified its procedures for appeal of a decision by ISE Market Control to the Obvious Error Panel.

⁶ The provision permitting ISE Market Control to grant relief in "unusual circumstances" is intended primarily to encompass situations where EAMs and market-makers might make a request a few minutes