

2. In determining whether to approve a joint transaction under rule 17d-1 under the Act, the Commission will consider whether the participation by the investment company in the joint transaction or arrangement is consistent with the provisions, policies, and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants. Applicants submit that the investment by the Investing Funds in shares of the Cash Management Funds will be on the same basis and will be indistinguishable from any other shareholder account maintained by the same class of the Cash Management Funds, and the proposed transactions satisfy the standards of rule 17d-1 under the Act.

#### **Applicants' Conditions**

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. Shares of the Cash Management Funds sold to and redeemed by the Investing Funds will not be subject to a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b-1 under the Act, or service fee (as defined in rule 2830(b)(9) of the NASD Conduct Rules), or if such shares are subject to any such fee, the Adviser will waive its advisory fee for each Investing Fund in an amount that offsets the amount of such fees incurred by the Investing Fund.

2. Before the next meeting of the Board of an Investing Funds held for purposes of voting on an advisory contract under Section 15 the Act, the Adviser to the Investing Fund will provide the Board with specific information regarding the approximate cost to the Adviser of, or portion of the advisory fee under the existing advisory contract attributable to, managing the Uninvested Cash of the Investing Fund that can be expected to be invested in the Cash Management Funds. Before approving any advisory contract for an Investing Fund, the Board of the Investing Fund, including a majority of the Independent Trustees/Directors, shall consider to what extent, if any, the advisory fees charged to the Investing Fund by the Adviser should be reduced to account for reduced or duplicative services provided to the Investing Fund by the Adviser as a result of Uninvested Cash being invested in the Cash Management Funds. The minutes of the meeting of the Investing Fund will record fully the Board's considerations in approving the advisory contract, including the considerations relating to fees referred to above.

3. Each of the Investing Funds will invest Uninvested Cash in, and hold shares of, the Cash Management Funds only to the extent that the Investing Fund's aggregate investment of Uninvested Cash in the Cash Management Funds does not exceed 25% of the Investing Fund's total assets.

4. Investment of Cash Balances in shares of the Cash Management Funds will be in accordance with each Investing Fund's respective investment restrictions, if any, and will be consistent with each Investing Fund's policies as set forth in its prospectus and statement of additional information.

5. No Cash Management Fund shall acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act.

6. Each Investing Fund and Cash Management Fund that may rely on the requested order shall be advised by the Adviser.

7. Before an Investing Fund may participate in a Securities Lending Program, a majority of the Fund's Board, including a majority of the Independent Trustees/Directors, will approve the Fund's participation in the Securities Lending Program. The Board will evaluate the Securities Lending Program and its results no less frequently than annually and determine that any investment of Cash Collateral in the Cash Management Funds is in the best interests of the shareholders of the Investing Fund.

8. The Board of any Investing Fund will satisfy the fund governance standards as defined in rule 0-1(a)(7) under the Act by the compliance date for the rule.

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

**Nancy M. Morris,**

*Secretary,*

[FR Doc. E6-4518 Filed 3-28-06; 8:45 am]

**BILLING CODE 8010-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-53540; File No. SR-Amex-2006-14]

### **Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to Specialists' Transactions With Public Customers**

March 22, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 7, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Amex. On March 16, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> On March 17, 2006, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>4</sup> The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>5</sup> and Rule 19b-4(f)(6) thereunder.<sup>6</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to amend Amex Rule 190 and Section 910 of the Amex Company Guide to permit business transactions between a specialist or his member organization, or any member, officer, employee or approved person therein and the sponsor of any exchange traded fund ("ETF") in which the specialist is registered. The text of the proposed rule

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> In Amendment No. 1, the Exchange revised proposed Amex Rule 190, Commentary .07 (iv), to require that a specialist represent to the Amex that neither the specialist nor his affiliates are making a market in any of the underlying component securities, currencies, or commodities of any ETF issued by the sponsor with which the specialist has entered into a business transaction.

<sup>4</sup> In Amendment No. 2, the Exchange made further changes to proposed Amex Rule 190, Commentary .07 (iv), to apply the requirement therein to transactions entered into by either specialist or his member organization or any member, officer, employee or approved person therein.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>6</sup> 17 CFR 240.19b-4(f)(6).

change, as amended, is attached hereto as Exhibit A and is also available on the Amex Web site <http://www.amex.com>, at the principal office of Amex, and at the Commission's Public Reference Room.

## 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 Exchange included statements concerning the purpose of, and basis for, the proposed rule change, as amended, and discussed any comments it received on the proposal. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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

Amex Rule 190 (Specialist's Transactions with Public Customers) and Section 910 (Relationship with Specialists) of the Amex Company Guide generally restrict business transactions between a specialist or his member organization, or any member, officer, employee or approved person therein (collectively, "affiliates") and any company or any officer, director, or 10% stockholder of a company in whose stock the specialist is registered. The restriction is intended to ensure that a specialist or his affiliates do not enter into a material business relationship with a company in whose security the specialist is registered, such that the specialist's or his affiliates' status creates conflicts of interest with respect to the specialist's affirmative and negative obligations to maintain a fair and orderly market in the security.

Currently, Amex Rule 193 provides exemptions from Amex Rule 190(a) and (b) to an approved person or member organization that is affiliated with a specialist member organization with respect to business transactions with issuers. This is due to the fact that the functional separation required by Amex Rule 193 eliminates conflict of interest concerns. The Exchange proposes to add an exemption to Amex Rule 190 and Section 910 of the Amex Company Guide that would apply to business transactions between a specialist or his affiliates and the sponsor of any ETF in which the specialist is registered. The Commission previously approved a

similar rule filing by the New York Stock Exchange, Inc. ("NYSE").<sup>7</sup>

For the purposes of the proposed rule change, ETFs are Portfolio Depositary Receipts (as defined in Rule 1000), Index Fund Shares (as defined in Rule 1000A), Trust Issued Receipts (as defined in Rule 1200) and derivative instruments based on one or more securities, currencies or commodities. The Exchange believes that potential conflicts of interest will be reduced due to the nature of how ETFs are traded. Since the trading price of an ETF is generally based on the price(s) of one or more security, commodity, currency or related futures contract (collectively, "underlying assets"), the Exchange believes that the potential for conflicts of interest that might have an undue influence or impact on the trading price of an ETF will be minimal. The Exchange also believes that conflict of interest or undue influence concerns will be further minimized by the fact that the underlying assets of an ETF are typically traded on a different exchange or market than Amex or in a different location within Amex.

The Exchange also believes that the potential for conflicts of interest that might arise between a specialist or his affiliates and a sponsor of an ETF will be negligible because the responsibilities of a sponsor of an ETF are limited to establishing the trust that issues ETF shares, registering the ETF shares with the SEC, and filing required periodic reports. Thus, while the ETF sponsor generally oversees the performance of the trustee of the ETF and the trust's principal service providers, the trustee is responsible for the day-to-day administration of the trust.

The proposed rule change would provide that in order to take advantage of the exemption the following conditions must be met: (i) The business transaction may only be entered into with the sponsor of the ETF and the sponsor may not be involved in the day-to-day administration of the ETF; (ii) any fee or other compensation paid in connection with the business transaction to a specialist or his affiliates must not have any relationship to the trading price or daily trading volume of the ETF; (iii) the specialist or his affiliate must notify and provide a full description to the Exchange of any business transaction or relationship it may have with any sponsor of an ETF in which the specialist or any of its affiliates is registered; and (iv) the

specialist or his affiliate must make a representation to the Exchange indicating that neither the specialist nor his affiliates are making a market in any of the underlying component securities, currencies or commodities of any ETF issued by the sponsor with which such specialist or affiliate has entered into a business transaction.

The Exchange believes that the above-listed conditions will serve as an additional layer of protection against conflicts of interest by diminishing any potential ability for a specialist or his affiliates to unduly influence trading for their own benefit and any incentive for such specialist to compromise his specialist obligations in maintaining fair and orderly markets. The Exchange also believes that such conditions will help to ensure that the ETF sponsor does not unduly influence its specialist or his affiliates.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>9</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change, as amended, will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange did not solicit or receive any written comments with respect to the proposed rule change, as amended.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change, as amended, has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and

<sup>7</sup> See Securities Exchange Act Release No. 52838 (November 28, 2005); 70 FR 72320 (December 2, 2005) (SR-NYSE-2005-66).

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

Rule 19b-4(f)(6) thereunder<sup>11</sup> in that the proposed rule change (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange has requested that the Commission waive the five-day pre-filing notice requirement and the 30-day operative delay period for “non-controversial” proposals and make the proposed rule change, as amended, effective and operative upon filing. The Commission has determined to waive the five-day pre-filing notice requirement and the 30-day operative delay period.<sup>12</sup> The Commission notes that the proposed rule change imposes conditions for specialist transactions with sponsors of ETFs that are substantially identical to those contained in NYSE Rule 460, Commentary .25 and NYSE Rule 103B.VIII.

Therefore, the foregoing rule change, as amended, has become immediately effective and operative upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup> At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.<sup>15</sup>

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with

the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission’s Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2006-14 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2006-14. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission’s Public Reference Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of Amex. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Amex-2006-14 and should be submitted on or before April 19, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>16</sup>

Nancy M. Morris,  
Secretary.

#### **Exhibit A—American Stock Exchange LLC**

##### **Proposed Rule Change**

Italicized text indicates material to be added. [Bracketed] text indicates material to be deleted.

##### **Specialist’s Transactions With Public Customers**

Rule 190. (a) through (e) No change.  
\* \* \* Commentary

.01 through .06 No change.

.07 *The restrictions in paragraph (a) above relating to business transactions between a specialist or his member organization or any member, officer, employee or approved person therein and a company in which stock the specialist is registered shall not apply to Portfolio Depositary Receipts (as defined in Rule 1000), Index Fund Shares (as defined in Rule 1000A), Trust Issued Receipts (as defined in Rule 1200) and derivative instruments based on one or more securities, currencies or commodities (all of the foregoing collectively referred to in this Commentary .07 as “ETFs”), if the following conditions are met:*

(i) *the specialist or his member organization or any member, officer, employee or approved person therein only enters into the business transaction with the sponsor of the ETF and the sponsor is not involved in the day-to-day administration of the ETF; and*

(ii) *any fee or other compensation in connection with the business transaction paid to the specialist or his member organization or any member, officer, employee or approved person therein must not be dependent on the trading price or daily trading volume of the ETF;*

(iii) *the specialist or his member organization or any member, officer, employee or approved person therein must notify and provide a full description to the Exchange of any business transaction or relationship it may have with any sponsor of an ETF that he or it is registered as specialist in;* and

(iv) *the specialist or his member organization or any member, officer, employee or approved person therein represents to the Exchange that the specialist, member organization or any member, officer, employee or approved person therein are not making a market in any of the underlying component*

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

<sup>12</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> The effective date of the original proposed rule change is February 7, 2006, the date of the original filing, and the effective dates of Amendment Nos. 1 and 2 are, respectively, March 16, 2006 and March 17, 2006, the filing dates of the amendments. For purposes of calculating the 60-day abrogation period within which the Commission may summarily abrogate the proposed rule change, as amended, under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on March 17, 2006, the date on which the Exchange submitted Amendment No. 2. See 15 U.S.C. 78s(b)(3)(C).

<sup>16</sup> 17 CFR 200.30-3(a)(12).

*securities, currencies or commodities of any ETF issued by the sponsor with which such specialist, member organization or any member, officer, employee or approved person therein has entered into a business transaction.*

#### **AMEX Company Guide Relationship With Specialist Procedures, Rules and Regulations**

Sec. 910. Introduction and (a) through (c) No change.

(d) *Exchange Rules Governing Specialist's Activities*—In addition to certain provisions of the Securities Exchange Act of 1934, a number of Exchange regulations place clearly defined limits on a specialist's activities. An awareness of both the intent and spirit of Exchange rules, and the responsibilities the Exchange places on the specialist, will help ensure that contacts between company officials and the specialist are conducted within the framework provided for above.

With respect to any security in which a specialist is registered, Exchange rules prohibit specialists (and, with respect to paragraphs iii through ix, the member firm or member corporation of which the specialist is a member) from:

(i) through (v) No change.

(vi) effecting, directly or indirectly, any business transaction with the issuer of any such security or any officer, director or 10% stockholder of any such issuer, *except as provided in Commentary .07 to Rule 190 with respect to business transactions, under certain conditions, between a specialist or his member organization or any member, officer, employee or approved person therein and the sponsor of an ETF (as defined therein) that he or it is registered as specialist in;*

(vii) through (ix) No change.

With respect to any security in which a specialist is registered, Exchange rules require the specialist to report to the Exchange:

(i) through (iii) No change.

(iv) any unusual transaction in which the specialist participates as a broker or dealer; [and]

(v) each purchase and sale for the specialists' own account[.]; and

(vi) *a full description of any business transaction or relationship that a specialist or his member organization or any member, officer, employee or approved person therein may have, under certain conditions as provided in Commentary .07 to Rule 190, with any sponsor of an ETF (as defined therein) that he or it is registered as specialist in.*

(e) No change.

[FR Doc. E6-4537 Filed 3-28-06; 8:45 am]

BILLING CODE 8010-01-P

#### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-53537; File No. SR-CBOE-2006-15]

#### **Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto To Reflect Committee Revisions**

March 21, 2006.

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 February 6, 2006, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. On March 13, 2006, the CBOE filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The CBOE has designated the proposed rule change as concerned solely with the administration of the Exchange under Section 19(b)(3)(A)(iii) of the Act,<sup>4</sup> and Rule 19b-4(f)(3) thereunder,<sup>5</sup> which renders the proposal effective upon filing with the Commission.<sup>6</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to amend its rules to delete or modify specific references to certain committees that have been eliminated and to modify

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Amendment No. 1 replaces the original filing in its entirety. In Amendment No. 1, the Exchange: (i) revised the rule text to reflect revisions that had become effective through separate, unrelated rule change filings and to correct typographical errors; and (ii) made certain clarifications in the text of CBOE Rule 4.11, Interpretation and Policy .05(b) regarding the Exchange's procedures in the event that a Market-Maker's position limit exemption request is denied and in the event that the Exchange subsequently reviews a position limit exemption request that it had granted.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>5</sup> 17 CFR 240.19b-4(f)(3).

<sup>6</sup> For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change, as amended, under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on March 13, 2006, the date on which the Exchange submitted Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

specific references to other committees whose titles or authorities have changed. All references that currently relate to committees that are being eliminated will be replaced with terms such as the "appropriate Exchange committee" or the "Exchange." All references to committees that have changed titles or authorities will be amended accordingly. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

#### **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 Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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 Statutory Basis for, the Proposed Rule Change**

##### **1. Purpose**

The purpose of the proposed rule change, as amended, is to delete from the CBOE Rules any specific references to the Clearing Procedures Committee, Exemption Committee, Modified Trading System Appointments ("MTS") Committee, appropriate Screen-Based Trading ("SBT") Trading Committee, appropriate SBT DPM Appointments Committee, and Special Product Assignment Committee. The Exchange is proposing to make these changes at this time because it recently determined to eliminate these committees and reassign their respective authorities to other committees and/or to Exchange staff.<sup>7</sup> The Exchange is also deleting all references to the Allocation Committee in the CBOE Rules in order to simplify the rule text and avoid confusion over the division of authorities among that

<sup>7</sup> For example, the authorities of the former MTS Committee have been reassigned to the Allocation Committee and the appropriate Market Performance Committees. There were also other committees that the Exchange eliminated for which there are no specific references in the CBOE rules that need to be updated. For example, the Market Fee Oversight Committee was eliminated and its specific authorities have been reassigned to the appropriate Market Performance Committees.