

respondents are strongly encouraged to submit comments electronically to ensure timely receipt. We cannot guarantee that comments mailed will be received before the comment closing date. Electronic comments may be submitted to: *OMB_GGP@omb.eop.gov*. Please put the full body of your comments in the text of the electronic message and as an attachment. Please include your name, title, organization, postal address, telephone number, and e-mail address in the text of the message. Comments also may be submitted via facsimile to (202) 395-7245.

FOR FURTHER INFORMATION CONTACT: Lisa Jones, Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW., New Executive Office Building, Room 9013, Washington, DC 20503. Telephone (202) 395-5897.

SUPPLEMENTARY INFORMATION: OMB is seeking comments on its Proposed Bulletin for Good Guidance Practices by January 9, 2006. The draft Bulletin for Good Guidance Practices is posted on OMB's Web site, <http://www.whitehouse.gov/omb/infoereg/regpol.html>. This draft Bulletin provides a definition of guidance; describes the legal effect of guidance documents establishes practices for developing guidance documents and receiving public input; and establishes ways for making guidance documents available to the public.

Dated: December 19, 2005.

John D. Graham,
Administrator, Office of Information and Regulatory Affairs.

[FR Doc. 06-32 Filed 1-3-06; 8:45 am]

BILLING CODE 3110-01-M

RAILROAD RETIREMENT BOARD

Notification of Meeting

The Railroad Retirement board hereby gives notice that the Board will meet at 9 a.m., December 29, 2005, in the Board Room on the 8th floor of the agency's headquarters building located at 844 N. Rush Street, Chicago, Illinois. A majority of the Board, by recorded vote, has determined that agency business requires the scheduling of this meeting with less than one week notice. The subject to be addressed at this meeting is a discussion of issues relating to the pending procurement, the section of a contractor and the request for funding approval to implement Phase I of the Field Office Study.

The entire meeting will be closed to the public. The person to contact for

more information is Beatrice Ezerski, Secretary to the Board, Phone No. 312-751-4920.

Dated: December 28, 2005.

Beatrice Ezerski,
Secretary to the Board.

[FR Doc. 06-14 Filed 1-3-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IA-2469/803-181]

Greenhouse Associates, LLC and Superior Partners, LP; Notice of Application

December 28, 2005.

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

ACTION: Notice of Application for Exemption under the Investment Advisers Act of 1940 ("Advisers Act" or "Act").

APPLICANT: Greenhouse Associates, LLC ("Greenhouse") and Superior Partners LP ("Superior") (collectively, "Applicants").

RELEVANT ADVISERS ACT SECTIONS: Exemption requested under section 205(e) of the Advisers Act from section 205(a)(1) of that Act.

SUMMARY OF APPLICATION: Applicants request an order under section 205(e) of the Advisers Act to permit registered investment advisers to charge each of the Applicants performance-based advisory fees notwithstanding the prohibition set forth in section 205(a)(1) of the Act.

FILING DATES: The application was filed on February 16, 2005, and amended on December 8, 2005.

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 each of the Applicants with a copy of the request, either personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m., on January 20, 2006, and should be accompanied by proof of service on each of the Applicants, 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: SEC: Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-

9303. Applicants: (1) Greenhouse: Greenhouse Associates, LLC, c/o Dudley & Shanley, LLC, 130 Maple Avenue, Suite EB-2, Red Bank, NJ 07701-1735; (2) Superior: Superior Partners, LP, c/o Dudley & Shanley, LLC, 130 Maple Avenue, Suite EB-2, Red Bank, NJ 07701-1735.

FOR FURTHER INFORMATION CONTACT:

Jamey Basham, Branch Chief, Division of Investment Management, Office of Investment Adviser Regulation, at (202) 551-6787.

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.

Applicants' Representations

1. Greenhouse is a Delaware limited liability company operating as a private investment company exempt from registration under section 3(c)(1) of the Investment Company Act of 1940 ("Investment Company Act").¹ Greenhouse represents that it serves in essence as a family investment vehicle to manage, facilitate, and simplify the investments of family members and their trusts and custodial arrangements. The twelve current members of Greenhouse ("Current Greenhouse Members") are (i) Henry C. Dudley ("Mr. Dudley"); (ii) Mr. Dudley's mother and two sisters; (iii) a trust for the benefit of Mr. Dudley's mother; (iv) six custodial arrangements (under the Uniform Transfers to Minors Act) for the exclusive benefit of one or more of the lineal descendants of Mr. Dudley or his sisters; and (v) Frank E. Shanley ("Mr. Shanley"). Greenhouse represents that it may admit new members in the future, but that future members ("Future Greenhouse Members") will be limited to (a) lineal descendants of Mr. Dudley's mother (including Mr. Dudley and his two sisters) and spouses of such descendants; (b) lineal descendants of Mr. Shanley and spouses of such descendants; (c) trusts and custodial arrangements exclusively for the benefit of family members described in (a) and (b); (d) partnerships or other entities owned exclusively by family members described in (a) and (b) or the entities described in (c); and (v) charitable foundations and organizations controlled exclusively by family

¹ 15 U.S.C. 80a-3(c)(1). Section 3(c)(1) generally exempts from the definition of investment company under the Investment Company Act any issuer whose outstanding securities are beneficially owned by not more than 100 persons and which is not making, and does not presently propose to make, a public offering of its securities.

members described in (a) and (b) or the entities described in (c).

2. Mr. Dudley and Mr. Shanley are the sole Managers of Greenhouse. Greenhouse has no executives or employees. Greenhouse represents that Mr. Dudley and Mr. Shanley are solely responsible for all investment decisions for the Greenhouse portfolio, as well as all aspects of the business and administration of Greenhouse. Mr. Dudley and Mr. Shanley have retained, under this authority, their investment firm, Dudley & Shanley, LLC (D&S), to perform these functions. Mr. Dudley and Mr. Shanley are the sole co-owners and principals of D&S, perform these functions personally, and have not delegated them to other D&S employees, with the exception that other D&S employees assist them with certain ministerial duties.

3. Greenhouse pays D&S an annual management fee equal to 0.5% of Greenhouse's net asset value. Greenhouse represents that the management fee is intended to reimburse D&S' costs incurred in rendering services to Greenhouse and not to provide D&S, Mr. Dudley or Mr. Shanley with a profit. Greenhouse does not otherwise reimburse D&S, Mr. Dudley or Mr. Shanley for their expenses incurred in connection with managing the fund.

4. Mr. Dudley and Mr. Shanley are also entitled to performance-based advisory compensation from Greenhouse, consisting of an annual performance reallocation to their membership interests in Greenhouse. This performance reallocation equals ten percent of all Greenhouse members' net gain in excess of a "high water mark" (that is, the highest level of cumulative net gain for preceding periods). However, in making this performance reallocation, Greenhouse excludes its members that are not "qualified clients" as defined in rule 205-3 under the Advisers Act,² so that such non-qualified clients are not charged performance-based compensation.

5. Greenhouse states that it currently invests in other private investment companies whose investment advisers are not affiliated in any way with either Mr. Dudley or Mr. Shanley ("Greenhouse Third Party Funds"), and that the managers of some of these Greenhouse Third Party Funds charge their investors performance-based compensation. Greenhouse also states that it may in the future identify other desirable Greenhouse Third Party Funds in which Greenhouse wishes to invest,

and which are managed by investment advisers who charge performance-based compensation. Greenhouse believes that many of the investment advisers managing these Greenhouse Third Party Funds will soon become subject to the performance-based compensation restrictions of section 205(a)(1) of the Advisers Act,³ and will accordingly look to Advisers Act rule 205-3 to continue charging performance-based compensation, as discussed below. Greenhouse therefore seeks relief that will allow it to invest in Greenhouse Third Party Funds notwithstanding the fact that some of Greenhouse's members are not "qualified clients" as required by rule 205-3.

6. Mr. Dudley and Mr. Shanley are both "qualified clients" for purposes of rule 205-3, as are four other Current Greenhouse Members. The six other Current Greenhouse Members do not meet the definition of a qualified client. Greenhouse may admit Future Greenhouse Members that may not be qualified clients.

7. Superior is a Delaware limited partnership operating as a private investment company exempt from registration under section 3(c)(1) of the Investment Company Act. Superior was formed in 1978 by descendants of Chester A. Congdon, Mr. Dudley's great-grandfather, to manage for their benefit assets distributed to them from the Congdon estate. The current partners of Superior ("Current Superior Partners") are all (i) Lineal descendants of Chester A. Congdon and spouses of such descendants; (ii) trusts exclusively for the benefit of lineal descendants of Chester A. Congdon; and (iii) entities owned exclusively by lineal descendants of Chester A. Congdon and their spouses. Superior represents that it may admit new partners in the future, but that future partners ("Future Superior Partners") will be limited to (a) lineal descendants of Chester A. Congdon and spouses and adopted children of such descendants; (b) personal representatives (such as executors) of family members described in (a); (c) trusts and custodial arrangements exclusively for the benefit of family members described in (a); and (d) entities owned exclusively by or established for the exclusive benefit of any of the foregoing.

8. The Current Superior Partners include four Managing General Partners who manage Superior: Mr. Dudley, Thomas E. Congdon, John P. Congdon, and Charles W. D'Autremont. Superior also has 13 other general partners; however, their status as general partners

relates to historical family considerations, and no general partners other than the Managing General Partners participate in the administration or management of the partnership. Superior has no executives or employees. Superior's Limited Partnership Agreement authorizes the Managing General Partners to retain an investment manager and administrative agent, and the Managing General Partners have delegated their management responsibilities to D&S pursuant to this authority. Mr. Dudley and Mr. Shanley, as the sole co-owners and principals of D&S, perform all aspects of the administration and investment management of Superior personally and have not delegated them to other D&S employees, with the exception that other D&S employees assist them with certain ministerial duties. Mr. Dudley and Mr. Shanley consult with individual Managing General Partners regularly and meet with them as a group from time to time.

9. Superior pays D&S an annual management fee equal to 0.5% of Superior's net asset value, as well as an administrative services fee equal to 0.1% of such net asset value. Superior represents that these fees are intended to reimburse D&S' costs incurred in rendering services to Superior and not to provide D&S, Mr. Dudley or Mr. Shanley with a profit. Superior does not otherwise reimburse D&S, Mr. Dudley or Mr. Shanley for their expenses incurred in connection with managing Superior. Superior does not compensate its Managing General Partners and does not reimburse the Managing General Partners for any expenses incurred with respect to their responsibilities towards Superior, with the exception of travel expenses to any meetings of the Managing General Partners. Superior pays no performance-related fees to D&S, Mr. Dudley, Mr. Shanley, or the Managing General Partners.

10. Superior states that it currently invests in other private investment companies whose investment advisers are not affiliated in any way with either Mr. Dudley or Mr. Shanley, or with the Managing General Partners ("Superior Third Party Funds"), and that the managers of some of these Superior Third Party Funds charge their investors performance-based compensation. Superior also states that it may in the future identify other desirable Superior Third Party Funds in which Superior wishes to invest, and which are managed by investment advisers who charge performance-based compensation. Superior believes that many of the investment advisers managing these Superior Third Party

² 17 CFR 275.205-3.

³ 15 U.S.C. 80b-5(a)(1).

Funds will soon become subject to the performance-based compensation restrictions of section 205(a)(1) of the Advisers Act, and will accordingly look to Advisers Act rule 205-3 to continue charging performance-based compensation, as discussed below. Superior therefore seeks relief that will allow it to invest in Superior Third Party Funds notwithstanding the fact that some of Superior's partners are not "qualified clients" as required by rule 205-3.

11. Superior's four Managing General Partners are all "qualified clients" for purposes of rule 205-3, as are 32 other Current Superior Partners. The 23 other Current Superior Partners do not meet the definition of a qualified client. Superior may admit Future Superior Partners that may not be qualified clients.

Applicants' Legal Analysis

1. Section 205(a)(1) of the Advisers Act generally prohibits a registered investment adviser, unless exempt from registration pursuant to section 203(b) of the Act, from entering into, extending, renewing, or performing under any investment advisory contract that provides for compensation based upon "a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the client," commonly referred to as performance-based compensation or a performance fee.

2. Rule 205-3 under the Act provides an exemption from the prohibition in section 205(a)(1), provided each client entering into an investment advisory contract that provides for performance-based compensation is a "qualified client." Under rule 205-3(b), each equity owner of a "private investment company" is considered a client for purposes of rule 205-3(a).⁴ Applicants assert that Greenhouse and Superior are private investment companies.

3. Because a number of the Current Greenhouse Members and Current Superior Partners are not qualified clients, Applicants may not be treated as meeting the requirements of rule 205-3(a).

4. Applicants request an order under section 205(e) of the Advisers Act granting an exemption from section 205(a)(1) of the Act so as to permit registered investment advisers to charge Applicants performance-related compensation. Applicants ask that the relief requested be applicable to Current

Greenhouse Members and Current Superior Partners that are not qualified clients, as well as to Future Greenhouse Members and Future Superior Partners that are not qualified clients.

5. Section 205(e) of the Advisers Act provides that the Commission, by order upon application, may exempt any person, or any class or classes of persons, from section 205(a)(1) of the Act, if and to the extent that the exemption relates to an investment advisory contract with any person that the Commission determines does not need the protection of section 205(a)(1), on the basis of such factors as financial sophistication, net worth, knowledge of and experience in financial matters, and such other factors as the Commission determines are consistent with section 205.

6. Applicants assert that exemptive relief to permit Greenhouse and Superior to be charged performance-based compensation is appropriate and consistent with the purposes of 205(a)(1) of the Advisers Act. Applicants assert that the request for relief complies with the factors specified in section 205(e) of the Act. Applicants state that Mr. Dudley and Mr. Shanley, the investment decision-makers for Applicants, are qualified clients meeting the net worth requirement of rule 205-3(d)(1)(ii)(A) under the Act. Superior further asserts that each of its Managing General Partners with whom Mr. Dudley and Mr. Shanley periodically consult is a qualified client. Applicants assert that Mr. Dudley and Mr. Shanley are financially sophisticated, with substantial knowledge of and long experience in financial matters, (particularly those pertinent to investing in private investment companies), and are accordingly fully able to assess the potential risks of performance-related compensation. Superior further asserts that each of its Managing General Partners with whom Mr. Dudley and Mr. Shanley periodically consult is equally financially sophisticated, with similar knowledge and expertise, and are similarly able to assess the risk of performance-related compensation.

7. Applicants further assert that Mr. Dudley and each of Superior's Managing General Partners with whom Mr. Dudley and Mr. Shanley periodically consult have strong familial relationships with Current Greenhouse Members, Current Superior Partners, Future Greenhouse Members, and Future Superior Partners that are not qualified clients (or with the beneficiaries of the trust and custodial arrangements that are or will be such members or partners). Applicants also assert that Mr. Shanley has had a long

business and social relationship with many members of the Dudley and Congdon families, and is a trustee of a number of trusts established for the Dudley family. In addition, applicants assert that Mr. Dudley, Mr. Shanley, and each of Superior's Managing General Partners with whom Mr. Dudley and Mr. Shanley periodically consult have made substantial personal investments in Applicants. Applicants assert these factors will cause Mr. Dudley, Mr. Shanley, and each of Superior's Managing General Partners with whom Mr. Dudley and Mr. Shanley periodically consult to act in the best interests of Applicants' members and partners.

8. Applicants further assert with respect to trusts and custodial arrangements that are Current Greenhouse Members and Current Superior Partners and are not qualified clients, the trustees and custodians are each qualified clients and, in many cases, are parents or other close family relations of the beneficiaries of those trusts and custodial arrangements who themselves have substantial personal investments in Applicants.

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

Nancy M. Morris,
Secretary.

[FR Doc. E5-8246 Filed 1-3-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53027; File No. SR-NASD-2005-117]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change and Amendment No. 1 Thereto Seeking Permanent Approval of Rules Concerning Bond Mutual Fund Volatility Ratings Prior to Expiration of Pilot

December 27, 2005.

I. Introduction

On September 28, 2005 and October 24, 2005 (Amendment No. 1),¹ the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities

⁴ Under rule 205-3(d)(3), a private investment company is a company that would be defined as an investment company under section 3(a) of the Investment Company Act of 1940 but for the exception provided from that definition by section 3(c)(1) of such Act.

¹ Amendment No. 1 clarified the date of expiration of the pilot program concerning bond mutual fund volatility ratings.