

and (ii) R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: September 18, 2006.

**Nancy M. Morris,**

*Secretary.*

[FR Doc. 06-8136 Filed 9-22-06; 8:45 am]

BILLING CODE 8010-01-P

## 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 17a-11 SEC File No. 270-94 OMB Control No. 3235-0085

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 a request for an extension of the previously approved collection of information discussed below.

In response to an operational crisis in the securities industry between 1967 and 1970, the Securities and Exchange Commission ("Commission") adopted Rule 17a-11 (17 CFR 240.17a-11) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) ("Exchange Act") on July 11, 1971. The Rule requires broker-dealers that are experiencing financial or operational difficulties to provide notice to the Commission, the broker-dealer's designated examining authority ("DEA"), and the Commodity Futures Trading Commission ("CFTC") if the broker-dealer is registered with the CFTC as a futures commission merchant. Rule 17a-11 is an integral part of the Commission's financial responsibility program which enables the Commission, a broker-dealer's DEA, and the CFTC to increase surveillance of a broker-dealer experiencing difficulties and to obtain any additional information necessary to gauge the broker-dealer's financial or operational condition.

Rule 17a-11 also requires over-the-counter ("OTC") derivatives dealers and broker-dealers that are permitted to compute net capital pursuant to

Appendix E to Exchange Act Rule 15c3-1 to notify the Commission when their tentative net capital drops below certain levels. OTC derivatives dealers must also provide notice to the Commission of backtesting exceptions identified pursuant to Appendix F of Rule 15c3-1 (17 CFR 240.15c3-1f).

Compliance with the Rule is mandatory. The Commission will generally not publish or make available to any person notice or reports received pursuant to Rule 17a-11. The Commission believes that information obtained under Rule 17a-11 relates to a condition report prepared for the use of the Commission, other Federal governmental authorities, and securities industry self-regulatory organizations responsible for the regulation or supervision of financial institutions.

Only broker-dealers whose capital declines below certain specified levels or who are otherwise experiencing financial or operational problems have a reporting burden under Rule 17a-11. In 2005, the Commission received approximately 600 notices under this Rule. The Commission did not receive any Rule 17a-11 notices from OTC derivatives dealers or broker-dealers that are permitted to compute net capital pursuant to Appendix E to Exchange Act Rule 15c3-1.

Each broker-dealer reporting pursuant to Rule 17a-11 will spend approximately one hour preparing and transmitting the notice required by the Rule. Accordingly, the total estimated annualized burden under Rule 17a-11 is 600 hours.

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.

Comments regarding the estimated burden hours should be directed to: (i) The 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 or by e-mail to [David\\_Rostker@omb.eop.gov](mailto:David_Rostker@omb.eop.gov); and (ii) R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312, or by e-mail to [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to the Office of Management and Budget within 30 days of this notice.

Dated: September 18, 2006.

**Nancy M. Morris,**

*Secretary.*

[FR Doc. 06-8137 Filed 9-22-06; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27485; 812-13302]

### Northwestern Mutual Series Fund, Inc. and Mason Street Advisors, LLC; Notice of Application

September 19, 2006.

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

**ACTION:** Notice of an application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18-2 under the Act, as well as certain disclosure requirements.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit them to enter into and materially amend sub-advisory agreements without shareholder approval and would grant relief from certain disclosure requirements.

**APPLICANTS:** Northwestern Mutual Series Fund, Inc. (the "Company") and Mason Street Advisors, LLC (the "Adviser").

**FILING DATES:** The application was filed on June 14, 2006, and amended on September 8, 2006.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on October 16, 2006, and should be accompanied by proof of service on 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 Commission's Secretary.

**ADDRESSES:** Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090. Applicants, c/o Randy Pavlick, Esq., Northwestern Mutual Series Fund, Inc., 720 East Wisconsin Avenue, Milwaukee, WI 53202.

**FOR FURTHER INFORMATION CONTACT:** Stacy L. Fuller, Branch Chief, at (202)

551-6821 (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 Commission's Public Reference Desk, 100 F Street, NE., Washington DC 20549-0102 (tel. 202-551-5850).

### Applicants' Representations

1. The Company is organized as a Maryland corporation and is registered under the Act as an open-end management investment company. The Company is organized as a series investment company and currently consists of eighteen series ("Portfolios"), each with separate investment objectives, policies, and restrictions. The Adviser, a Delaware limited liability company, is registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act") and serves as an investment adviser to each Portfolio pursuant to an investment advisory agreement with the Company ("Advisory Agreement").<sup>1</sup> The Advisory Agreement has been approved by the Company's board of directors ("Board"), including a majority of the directors who are not "interested persons," as defined in section 2(a)(19) of the Act, of the Company ("Independent Directors"), as well as by each applicable Portfolio's shareholders.<sup>2</sup>

2. Under the Advisory Agreement, the Adviser manages each Portfolio's investments, subject to oversight by the Board. The Advisory Agreement permits the Adviser to enter into a separate sub-advisory agreement ("Sub-Advisory Agreement") with one or more investment sub-advisers (each, a "Sub-Adviser") to provide investment management services for the Funds. Each Sub-Adviser is registered under

the Advisers Act. The Adviser evaluates the Sub-Advisers and makes recommendations to the Board regarding their hiring, retention and termination. The shareholders and the Board, including a majority of the Independent Directors, approve the Sub-Advisory Agreements. The Adviser pays an investment advisory fee to each Sub-Adviser out of the fee paid to the Adviser under the Advisory Agreement.

3. Applicants request relief to permit the Adviser to enter into and materially amend Sub-Advisory Agreements for the Funds without shareholder approval. The requested relief will not extend to any Sub-Adviser that is an "affiliated person," as defined in section 2(a)(3) of the Act, of the Company or the Adviser, other than by reason of serving as a Sub-Adviser to one or more of the Funds ("Affiliated Sub-Adviser"). None of the current Sub-Advisers is an Affiliated Sub-Adviser.

4. Applicants also request an exemption from the various disclosure provisions described below that may require the Funds to disclose the fees paid by the Adviser to the Sub-Advisers. An exemption is requested to permit a Fund to disclose (as both a dollar amount and as a percentage of its net assets): (a) The aggregate fees paid to the Adviser and any Affiliated Sub-Advisers, and (b) the aggregate fees paid to Sub-Advisers other than Affiliated Sub-Advisers (collectively, "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. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except under a written contract that has been approved by the vote of a majority of the company's outstanding voting securities. Rule 18f-2 under the Act provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

2. Form N-1A is the registration statement used by open-end investment companies. Item 14(a)(3) of Form N-1A requires an open-end fund to disclose the method and amount of the investment adviser's compensation.

3. 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 ("Exchange Act"). 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.

4. Form N-SAR is the semi-annual report filed with the Commission by registered investment companies. Item 48 of Form N-SAR requires a registered investment company to disclose the rate schedule for fees paid to investment advisers, which may include Sub-Advisers.

5. 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 registered investment companies to include in their financial statements information about investment advisory fees.

6. 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 policy and provisions of the Act. Applicants believe that the requested relief meets this standard for the reasons discussed below.

7. Applicants assert that permitting the Adviser to select, supervise and evaluate Sub-Advisers without incurring unnecessary delay or expense is appropriate in the interests of Fund shareholders and will allow the Funds to operate more efficiently. Applicants state that Fund shareholders will look to the Adviser to select Sub-Adviser(s) well-suited to achieve the Fund's investment objectives. Applicants compare the role of the Sub-Advisers to that of individual portfolio managers employed by traditional investment advisory firms. Applicants note that the Advisory Agreement will continue to be subject to the shareholder approval requirements of section 15(a) of the Act and rule 18f-2 under the Act.

8. Applicants assert that many investment advisers charge their customers for advisory services according to a "posted" fee schedule. Applicants state that while investment advisers typically are willing to

<sup>1</sup> Applicants also request that any relief granted pursuant to the application extend to future series of the Company and any other existing or future registered open-end management investment company or series thereof that: (a) Is advised by the Adviser or a person controlling, controlled by or under common control with the Adviser (included in the term Adviser); (b) uses the management structure described in the application; and (c) complies with the terms and conditions of the Application (together with the Portfolios that meet these requirements, the "Funds"). The only existing registered open-end management investment company that currently intends to rely on the requested order is named as an applicant. If the name of any Fund contains the name of a Sub-Adviser (as defined below), the name of the Adviser that serves as the primary adviser to the Fund will precede the name of the Sub-Adviser.

<sup>2</sup> The term "shareholders" includes variable life insurance policy and variable annuity contract owners that are unitholders of any separate account for which a Portfolio serves as a funding vehicle.

negotiate fees lower than those posted in the rate schedule, they are reluctant to do so where the fees are disclosed to other prospective and existing customers. Applicants submit that the relief would allow the Adviser to negotiate more effectively with each individual Sub-Adviser.

### Applicants' Conditions

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

1. Before a Fund may rely on the requested order, the operation of the Fund in the manner described in the application will be approved by a majority of the Fund's outstanding voting securities, as defined in the Act, or, in the case of a Fund whose public shareholders purchased shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the sole initial shareholder before offering the Fund's shares to the public.

2. Each Fund will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to this application. Each Fund will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Adviser has ultimate responsibility, subject to oversight by the Board, for the investment performance of a Fund due to its responsibility to oversee Sub-Advisers and recommend their hiring, termination and replacement.

3. Within 90 days of the hiring of a new Sub-Adviser, the affected Fund's shareholders will be furnished all the information about the new Sub-Adviser that would be included a proxy statement, except as modified to permit the Aggregate Fee Disclosure. This information will include Aggregate Fee Disclosure and any change in such disclosure caused by the addition of a new Sub-Adviser. To meet this condition, the affected Fund will provide Fund shareholders within 90 days of the hiring of a new Sub-Adviser, with an Information Statement meeting the requirements of Regulation 14C, Schedule 14C and Item 22 of Schedule 14A under the Exchange Act, except as modified by the order to permit Aggregate Fee Disclosure.

4. The Adviser will not enter into a Sub-Advisory Agreement with any Affiliated Sub-Adviser without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Fund.

5. At all times, a majority of the Board will be Independent Directors, and the

nomination of new or additional Independent Directors will be at the discretion of the then-existing Independent Directors.

6. Whenever a Sub-Adviser change is proposed for a Fund with an Affiliated Sub-Adviser, the Board, including a majority of the Independent Directors, will make a separate finding, reflected in the Board minutes, that the change is in the best interests of the Fund and its shareholders and does not involve a conflict of interest from which the Adviser or the Affiliated Sub-Adviser derives an inappropriate advantage.

7. Independent legal counsel, as defined in rule 0-1(a)(6) under the Act, will be engaged to represent the Independent Directors. The selection of such counsel will be within the discretion of the then existing Independent Directors.

8. The Adviser will provide the Board, no less frequently than quarterly, with information about the profitability of the Adviser on a per-Fund basis. The information will reflect the impact on profitability of the hiring or termination of any Sub-Adviser during the applicable quarter.

9. Whenever a Sub-Adviser is hired or terminated, the Adviser will provide the Board with information showing the expected impact on the profitability of the Adviser.

10. The Adviser will provide general management services to each Fund, including overall supervisory responsibility for the general management and investment of the Fund's assets, and, subject to review and approval by the Board, will: (a) Set each Fund's overall investment strategies, (b) evaluate, select and recommend Sub-Advisers to manage all or a part of a Fund's, (c) allocate and, when appropriate, reallocate a Fund's assets among Sub-Advisers, (d) monitor and evaluate the performance of the Sub-Advisers, and (e) implement procedures reasonably designed to ensure that the Sub-Advisers comply with the relevant Fund's investment objective, policies and restrictions.

11. No director or officer of the Company, or director or officer of the Adviser, will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by such person), any interest in a Sub-Adviser, except for (a) ownership of interests in the Adviser or any entity that controls, is controlled by, or is under common control with the Adviser, or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly traded company that is either a Sub-Adviser or an entity that controls, is controlled by,

or is under common control with a Sub-Adviser.

12. Each Fund will disclose in its registration statement the Aggregate Fee Disclosure.

13. The requested order will expire on the effective date of rule 15a-5 under the Act, if adopted.

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

Nancy M. Morris,

Secretary.

[FR Doc. 06-8140 Filed 9-22-06; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54463; File No. SR-NASD-2006-100]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Delivery of Options Disclosure Documents

September 15, 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 August 17, 2006, the National Association of Securities Dealers, Inc. ("NASD") 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 NASD. NASD filed the proposed rule change as a "non-controversial" rule change under Rule 19b-4(f)(6) under the Act,<sup>3</sup> which rendered the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASD proposes to amend NASD Rule 2860 (Options) to (1) require that a copy of each amendment to the options disclosure document, Characteristics and Risks of Standardized Options ("ODD"), be distributed to each customer not later than the time of the delivery of a confirmation of a transaction in the category of options issued by The Options Clearing Corporation ("OCC") to which the amendment pertains and (2) clarify that

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).