provide more specific guidance for persons registering under the Act than the information contained in the statute. For the most part, these procedural rules do not require the disclosure of information. Two of the rules, however, require limited disclosure of information.[1] The information required by the rules is necessary to ensure that investors have clear and complete information upon which to base an investment decision. The Commission uses the information that investment companies provide on registration statements in its regulatory, disclosure review, inspection and policy-making roles. The respondents to the collection of information are investment companies filing registration statements under the Act.

The Commission does not estimate separately the total annual reporting and recordkeeping burden associated with rules 8b–1 to 8b–33 because the burden associated with these rules are included in the burden estimates the Commission submits for the investment company registration statement forms (*e.g.*, Form N–1A, Form N–2, Form N–3, and Form N–4). For example, a mutual fund that prepares a registration statement on Form N–1A must comply with the rules under section 8(b), including rules on riders, amendments, the form of the registration statement, and the number of copies to be submitted. Because the fund only incurs a burden from the section 8(b) rules when preparing a registration statement, it would be impractical to measure the compliance burden of these rules separately. The Commission believes that including the burden of the section 8(b) rules with the burden estimates for the investment company registration statement forms provides a more accurate and complete estimate of the total burdens associated with the registration process.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to 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.*

Dated: September 27, 2006.

**Nancy M. Morris,**

*Secretary.*

[FR Doc. E6–16330 Filed 10–3–06; 8:45 am]

**BILLING CODE 8010–01–P**

[1] Rule 8b–3 (17 CFR 270.8b–3) provides that whenever a registration form requires the title of securities to be stated, the registrant must indicate the type and general character of the securities to be issued. Rule 8b–22 (17 CFR 270.8b–22) provides that if the existence of control is open to reasonable doubt, the registrant may disclaim the existence of control, but it must state the material facts pertinent to the possible existence of control.

## SECURITIES AND EXCHANGE COMMISSION

**[Investment Company Act Release No. 27506; 812–12799]**

## RiverSource Diversified Income Series, Inc., et al.; Notice of Application

September 28, 2006.

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

**ACTION:** Notice of an application for an order under (a) section 6(c) of the Investment Company Act of 1940 (''Act'') granting an exemption from sections 18(f) and 21(b) of the Act; (b) section 12(d)(1)(J) of the Act granting an exemption from section 12(d)(1) of the Act; (c) sections 6(c) and 17(b) of the Act granting an exemption from sections 17(a)(1) and 17(a)(3) of the Act; and (d) section 17(d) of the Act and rule 17d–1 under the Act to permit certain joint transactions.

*Summary of the Application:* Applicants request an order that would permit certain registered open-end management investment companies to participate in a joint lending and borrowing facility.

*Applicants:* RiverSource Diversified Income Series, Inc., RiverSource California Tax-Exempt Trust, RiverSource Bond Series, Inc., RiverSource Equity Series, Inc., RiverSource High Yield Income Series, Inc., RiverSource Government Income Series, Inc., RiverSource Global Series, Inc., RiverSource Large Cap Series, Inc., RiverSource Tax-Exempt Income Series, Inc., RiverSource International Series, Inc., RiverSource Investment Series, Inc., RiverSource Strategic Allocation Series, Inc., RiverSource Market Advantage Series, Inc., RiverSource Money Market Series, Inc., RiverSource Dimensions Series, Inc., RiverSource International Managers Series, Inc., RiverSource Managers Series, Inc., RiverSource Selected Series, Inc., RiverSource Short Term Investments Series, Inc., RiverSource Income Series, Inc., RiverSource Strategy Series, Inc., RiverSource Special Tax-Exempt Series Trust, RiverSource Tax-Exempt Series, Inc., RiverSource Tax-Exempt Money Market Series, Inc., RiverSource Sector Series, Inc., RiverSource Variable Portfolio-Income Series, Inc., RiverSource Variable Portfolio-Investment Series, Inc., RiverSource Variable Portfolio-Managed Series, Inc., RiverSource Variable Portfolio-Money Market Series, Inc., RiverSource Variable Portfolio-Managers Series, Inc., RiverSource Variable Portfolio-Select Series, Inc., RiverSource Retirement Series Trust (collectively, the ''Companies''), RiverSource Investments, LLC (''RiverSource''), and Ameriprise Financial, Inc. (''Ameriprise'').

*Filing Dates:* The application was filed on March 26, 2002, and amended on September 27, 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 23, 2006, and should be accompanied by proof of service on 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 who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

**ADDRESSES:** Secretary, Commission, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090. Applicants: Companies, 901 Marquette Avenue South, Suite 2810, Minneapolis, MN 55402–3268; and RiverSource and Ameriprise, 200 Ameriprise Financial Center, Minneapolis, MN 55474.

**FOR FURTHER INFORMATION CONTACT:** Laura J. Riegel, Senior Counsel at (202) 551–6873 or Nadya B. Roytblat, Assistant Director, 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 Companies are organized as Minnesota corporations or Massachusetts business trusts and are registered under the Act as open-end management investment companies.[1] Most Companies offer one or more series, each with a different investment objective and different investment policies. RiverSource is registered as an investment adviser under the Investment Advisers Act of 1940. RiverSource has entered into an investment management services agreement with each Fund. Ameriprise serves as the administrator to each Fund under the terms of its administrative services agreement with the Fund. RiverSource is a wholly-owned subsidiary of Ameriprise.

2. The Funds may lend cash to banks or other entities by entering into repurchase agreements either directly or through the ''Joint Accounts'' (as defined below), purchasing short-term investments or under arrangements whereby custodian fees are reduced. Each Fund may deposit uninvested daily balances into one or more joint trading accounts administered by RiverSource and its affiliates (''Joint Accounts'') and invest the daily balance of the Joint Accounts in repurchase agreements. An existing Commission order also permits each Fund to invest uninvested cash and cash collateral in one or more money market Funds that comply with rule 2a–7 under the Act.

3. Currently, the Funds have a committed line of credit from a bank. Each Fund can borrow money from the bank to complete security transactions suspended by the closing of the electronic money transfer systems or to meet redemptions on a timely basis regardless of whether sale transactions are awaiting settlement. The amount of each Fund's borrowing under the committed line of credit is limited to the amount permitted by the Fund's fundamental investment policies.

4. If the Funds were to borrow money from the bank under their committed line of credit, the Funds would pay interest on the borrowed cash at a rate which would likely be significantly higher than the rate that would be earned by other non-borrowing Funds on investments in repurchase agreements and other short-term instruments of the same maturity as the bank loan. Applicants believe this differential represents the bank's profit for serving as the middleman between a borrower and a lender. The Funds pay an annual commitment fee for the committed line of credit.

5. Applicants request an order that would permit the Funds to enter into a master interfund lending agreement (''Interfund Lending Agreement'') under which the Funds would lend and borrow money for temporary purposes directly to and from each other through a credit facility (''Interfund Loan''). Applicants state that the proposed credit facility would reduce potential borrowing Funds' costs and enhance lending Funds' ability to earn higher rates of interest on short-term loans. Although the proposed credit facility would reduce the Funds' need to borrow from banks, the Funds would be free to establish and/or continue committed lines of credit or other borrowing arrangements with banks.

6. The credit facility may be used when the cash position of a Fund is insufficient to meet a day's cash requirements, such as when shareholder redemptions exceed anticipated volumes. When a Fund sells portfolio securities to meet redemption requests, it may not receive payment in settlement for up to three days, or longer in the case of certain foreign transactions, even though redemption requests are normally satisfied immediately. Other reasons that cash may not be available in a timely fashion to meet redemptions or settle transactions are: circumstances such as following September 11, 2001; when a sale of securities fails; or improper delivery instructions by the broker effecting the transaction delays delivery of cash to the custodian. In such cases, the credit facility could provide a source of immediate, short-term liquidity pending receipt of cash and result in savings to the borrowing Fund and increased returns to the lending Funds.

7. While bank borrowings generally could supply needed cash to cover unanticipated redemptions and sales fails, under the proposed credit facility a borrowing Fund would pay lower interest rates than those offered by banks on short-term loans. In addition, Funds making short-term cash loans directly to other Funds would earn interest at a rate higher than they otherwise could obtain from investing their cash in repurchase agreements. Thus, applicants believe that the proposed credit facility would benefit both borrowing and lending Funds. The interest rate charged to a Fund on any loan made pursuant to the proposed credit facility (''Interfund Loan Rate'') would be determined daily and would be the average of the ''Joint Accounts Repo Rate'' and the ''Bank Loan Rate,'' both as defined below. The Joint Accounts Repo Rate for any day would be the current overnight repurchase agreement rate available through the Joint Accounts. The Bank Loan Rate for any day would be calculated by the ''Credit Facility Team'' (as defined below) on each day an Interfund Loan is made according to a formula established by each Fund's board of directors or trustees (''Board'') intended to approximate the lowest interest rate at which a bank short-term loan would be available to the Fund. The formula would be based upon a publicly available rate (*e.g.*, Federal funds plus 25 basis points) and would vary with this rate so as to reflect changing bank loan rates. The Board of each Fund would periodically review the continuing appropriateness of using the publicly available rate, as well as the relationship between the Bank Loan Rate and current bank loan rates that would be available to the Fund. The initial formula and any subsequent modifications to the formula would be subject to the approval of each Fund's Board.

8. The credit facility would be administered by the Fund's treasurer, a representative from Ameriprise's treasury department, and a representative from compliance, all of whom are employees of Ameriprise (collectively, the ''Credit Facility Team''). Under the proposed credit facility, the portfolio managers for each participating Fund could provide standing instructions to participate daily as a borrower or lender. The Credit Facility Team on each business day would collect data on the uninvested cash and borrowing requirements of all participating Funds from the Funds' custodians. Once it determined the aggregate amount of cash available for loans and borrowing demand, the Credit Facility Team would allocate loans among borrowing Funds without any further communication from portfolio managers. Applicants expect far more available uninvested cash each day than borrowing demand. After the Credit Facility Team has allocated cash for

[1] Applicants request that the order also apply to any existing or future series of the Companies and to any other registered open-end management investment company or its series for which RiverSource or a person controlling, controlled by, or under common control with RiverSource serves as investment adviser (collectively, together with the Companies, the ''Funds''). All existing registered investment companies that currently intend to rely on the requested order have been named as applicants. Any other existing or future Fund that relies on the requested order in the future will comply with the terms and conditions of the application.

Interfund Loans, the Credit Facility Team would invest any remaining cash in accordance with the standing instructions of portfolio managers or return remaining amounts to the Funds. The money market Funds typically would not participate as borrowers because they rarely need to borrow cash to meet redemptions.

9. The Credit Facility Team would allocate borrowing demand and cash available for lending among the Funds on what the Credit Facility Team believes to be an equitable basis, subject to certain administrative procedures applicable to all Funds, such as the time of filing requests to participate, minimum loan lot sizes, and the need to minimize the number of transactions and associated administrative costs. To reduce transaction costs, each Interfund Loan normally would be allocated in a manner intended to minimize the number of participants necessary to complete the loan transaction.

10. The Credit Facility Team would (a) Monitor the interest rates charged and the other terms and conditions of the Interfund Loans; (b) limit the borrowings and loans entered into by each Fund to ensure that they comply with the Fund's investment policies and limitations; (c) ensure equitable treatment of each Fund; and (d) make quarterly reports to the Board of each Fund concerning any transactions by the Fund under the credit facility and the interest rates charged. The method of allocation and related administrative procedures would be approved by each Fund's Board, including a majority of directors or trustees who are not ''interested persons'' of the Fund, as defined in section 2(a)(19) of the Act (''Independent Board Members''), to ensure that both borrowing and lending Funds participate on an equitable basis.

11. Ameriprise, through the Credit Facility Team, would administer the credit facility as part of its duties under its existing administrative services agreement with each Fund and would receive no additional compensation for its services. No Fund may participate in the credit facility unless: (a) The Fund has obtained shareholder approval for its participation, if such approval is required by law; (b) the Fund has fully disclosed all material information concerning the credit facility in its prospectus or statement of additional information (''SAI''); and (c) the Fund's participation in the credit facility is consistent with its investment objectives, limitations, and organizational documents.

12. In connection with the credit facility, applicants request an order under (a) section 6(c) of the Act granting relief from sections 18(f) and 21(b) of the Act; (b) section 12(d)(1)(J) of the Act granting relief from section 12(d)(1) of the Act; (c) sections 6(c) and 17(b) of the Act granting relief from sections 17(a)(1) and 17(a)(3) of the Act; and (d) under section 17(d) of the Act and rule 17d–1 under the Act to permit certain joint arrangements.

**Applicants' Legal Analysis**

1. Section 17(a)(3) generally prohibits any affiliated person, or affiliated person of an affiliated person, from borrowing money or other property from a registered investment company. Section 21(b) generally prohibits any registered management company from lending money or other property to any person if that person controls or is under common control with the company. Section 2(a)(3)(C) of the Act defines an ''affiliated person'' of another person, in part, to be any person directly or indirectly controlling, controlled by, or under common control with, the other person. Applicants state that the Funds may be under common control by virtue of having RiverSource as their common investment adviser and/or by reason of having common officers and/or directors or trustees.

2. Section 6(c) provides that an exemptive order may be granted where an 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. Section 17(b) authorizes the Commission to exempt a proposed transaction from section 17(a) provided that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the transaction is consistent with the policy of the investment company as recited in its registration statement and with the general purposes of the Act. Applicants believe that the proposed arrangements satisfy these standards for the reasons discussed below.

3. Applicants submit that sections 17(a)(3) and 21(b) were intended to prevent a person with strong potential adverse interests to, and some influence over the investment decisions of, a registered investment company from causing or inducing the investment company to engage in lending transactions that unfairly inure to the benefit of such person and that are detrimental to the best interests of the investment company and its shareholders. Applicants assert that the proposed credit facility transactions do not raise these concerns because: (a) Ameriprise, through the Credit Facility Team, would administer the program as a disinterested party; (b) all Interfund Loans would consist only of uninvested cash reserves that a Fund otherwise would invest in short-term repurchase agreements or other short-term instruments; (c) the Interfund Loans would not involve a greater risk than such other investments; (d) the lending Fund would receive interest at a rate higher than it could obtain through such other investments; and (e) the borrowing Fund would pay interest at a rate lower than otherwise available to it under its bank loan agreements and avoid the quarterly commitment fees associated with committed lines of credit. Moreover, applicants believe that the other conditions in the application would effectively preclude the possibility of any Fund obtaining an undue advantage over any other Fund.

4. Section 17(a)(1) generally prohibits an affiliated person of a registered investment company, or an affiliated person of an affiliated person, from selling any securities or other property to the company. Section 12(d)(1) generally makes it unlawful for a registered investment company to purchase or otherwise acquire any security issued by any other investment company except in accordance with the limitations set forth in that section. Applicants state that the obligation of a borrowing Fund to repay an Interfund Loan may constitute a security under sections 17(a)(1) and 12(d)(1). Section 12(d)(1)(J) provides that the Commission may exempt persons or transactions from any provision of section 12(d)(1) if and to the extent that such exemption is consistent with the public interest and the protection of investors. Applicants contend that the standards under sections 6(c), 17(b), and 12(d)(1)(J) are satisfied for all the reasons set forth above in support of their request for relief from sections 17(a)(3) and 21(b) and for the reasons discussed below.

5. Applicants state that section 12(d)(1) was intended to prevent the pyramiding of investment companies in order to avoid imposing on investors additional and duplicative costs and fees attendant upon multiple layers of investment companies. Applicants submit that the proposed credit facility does not involve these abuses. Applicants note that there will be no duplicative costs or fees to the Funds or to the Funds' shareholders, and that Ameriprise will receive no additional compensation for its services in administering the credit facility. Applicants also note that the purpose of the proposed credit facility is to provide

economic benefits for all of the participating Funds.

6. Section 18(f)(1) of the Act prohibits registered open-end investment companies from issuing any senior security except that a company is permitted to borrow from any bank, if immediately after the borrowing, there is asset coverage of at least 300 per centum for all borrowings of the company. Under section 18(g) of the Act, the term ''senior security'' includes any bond, debenture, note or similar obligation or instrument constituting a security and evidencing indebtedness. Applicants request relief from section 18(f)(1) to the limited extent necessary to implement the credit facility (because the lending Funds are not banks).

7. Applicants believe that granting relief under section 6(c) of the Act is appropriate because the Funds would remain subject to the requirement of section 18(f)(1) of the Act that all borrowings of a Fund, including combined Interfund Loans and bank borrowings, have at least 300 per centum asset coverage. Based on the conditions and safeguards described in the application, applicants also submit that to allow the Funds to borrow from other Funds pursuant to the proposed credit facility is consistent with the purposes and policies of section 18(f)(1) of the Act.

8. Section 17(d) and rule 17d–1 generally prohibit any affiliated person of a registered investment company, or any affiliated person of an affiliated person, when acting as principal, from effecting any joint transaction in which the company participates unless the transaction is approved by the Commission. Rule 17d–1(b) provides that in passing upon applications filed under the rule, the Commission will consider whether the participation of a registered investment company in a joint enterprise on the basis proposed is consistent with the provisions, policies, and purposes of the Act and the extent to which the company's participation is on a basis different from or less advantageous than that of other participants.

9. Applicants submit that the purpose of section 17(d) is to avoid overreaching by and unfair advantage to investment company insiders. Applicants believe that the credit facility is consistent with the provisions, policies, and purposes of the Act in that it offers both reduced borrowing costs and enhanced returns on loaned funds to all participating Funds and their shareholders. Applicants note that each Fund would have an equal opportunity to borrow and lend on equal terms consistent with its investment policies and fundamental investment limitations. Applicants therefore believe that each Fund's participation in the credit facility will be on terms that are no different from or less advantageous than that of other participating Funds.

**Applicants' Conditions**

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

1. The Interfund Loan Rate to be charged to the Funds under the credit facility will be the average of the Joint Accounts Repo Rate and the Bank Loan Rate.

2. On each business day, the Credit Facility Team will compare the Bank Loan Rate with the Joint Accounts Repo Rate and will make cash available for Interfund Loans only if the Interfund Loan Rate is (a) more favorable to the lending Fund than the Joint Accounts Repo Rate and (b) more favorable to the borrowing Fund than the Bank Loan Rate.

3. If a Fund has outstanding borrowings, any Interfund Loans to the Fund (a) will be at an interest rate equal to or lower than any outstanding bank loan; (b) will be secured at least on an equal priority basis with at least an equivalent percentage of collateral to loan value as any outstanding bank loan that requires collateral; (c) will have a maturity no longer than any outstanding bank loan (and in any event not over seven days); and (d) will provide that, if an event of default occurs under any agreement evidencing an outstanding bank loan to the Fund, that event of default will automatically (without need for action or notice by the lending Fund) constitute an immediate event of default under the Interfund Lending Agreement entitling the lending Fund to call the Interfund Loan (and exercise all rights with respect to any collateral) and that such call will be made if the lending bank exercises its right to call its loan under its agreement with the borrowing Fund.

4. A Fund may make an unsecured borrowing through the credit facility if its outstanding borrowings from all sources immediately after the interfund borrowing total 10% or less of its total assets, provided that if the Fund has a secured loan outstanding from any other lender, including but not limited to another Fund, the Fund's interfund borrowing will be secured on at least an equal priority basis with at least an equivalent percentage of collateral to loan value as any outstanding loan that requires collateral. If a Fund's total outstanding borrowings immediately after an interfund borrowing would be greater than 10% of its total assets, the Fund may borrow through the credit facility only on a secured basis. A Fund may not borrow through the credit facility or from any other source if its total outstanding borrowings immediately after the interfund borrowing would exceed the limits imposed by section 18 of the Act.

5. Before any Fund that has outstanding interfund borrowings may, through additional borrowings, cause its outstanding borrowings from all sources to exceed 10% of its total assets, the Fund must first secure each outstanding Interfund Loan by the pledge of segregated collateral with a market value at least equal to 102% of the outstanding principal value of the loan. If the total outstanding borrowings of a Fund with outstanding Interfund Loans exceed 10% of its total assets for any other reason (such as a decline in net asset value or because of shareholder redemptions), the Fund will within one business day thereafter (a) repay all its outstanding Interfund Loans; (b) reduce its outstanding indebtedness to 10% or less of its total assets; or (c) secure each outstanding Interfund Loan by the pledge of segregated collateral with a market value at least equal to 102% of the outstanding principal value of the loan until the Fund's total outstanding borrowings cease to exceed 10% of its total assets, at which time the collateral called for by this condition (5) shall no longer be required. Until each Interfund Loan that is outstanding at any time that a Fund's total outstanding borrowings exceed 10% of its total assets is repaid or the Fund's total outstanding borrowings cease to exceed 10% of its total assets, the Fund will mark the value of the collateral to market each day and will pledge such additional collateral as is necessary to maintain the market value of the collateral that secures each outstanding Interfund Loan at least equal to 102% of the outstanding principal value of the loan.

6. No Fund may lend to another Fund through the credit facility if the loan would cause the lending Fund's aggregate outstanding loans through the credit facility to exceed 15% of its net assets at the time of the loan.

7. A Fund's Interfund Loans to any one Fund shall not exceed 5% of the lending Fund's current net assets.

8. The duration of Interfund Loans will be limited to the time required to receive payment for securities sold, but in no event more than seven days. Loans effected within seven days of each other will be treated as separate loan transactions for purposes of this condition.

9. A Fund's borrowings through the credit facility, as measured on the day

when the most recent loan was made, will not exceed the greater of 125% of the Fund's total net cash redemptions or 102% of sales fails for the preceding seven calendar days.

10. Each Interfund Loan may be called on one business day's notice by a lending Fund and may be repaid on any day by a borrowing Fund.

11. A Fund's participation in the credit facility must be consistent with its investment policies and limitations and organizational documents.

12. The Credit Facility Team will calculate total Fund borrowing and lending demand through the credit facility, and allocate interfund loans on an equitable basis among the Funds, without the intervention of any portfolio manager of the Funds. The Credit Facility Team will not solicit cash for the credit facility from any Fund or prospectively publish or disseminate loan demand data to portfolio managers. The Credit Facility Team will invest amounts remaining after satisfaction of borrowing demand in accordance with the standing instructions from portfolio managers or return remaining amounts to the Funds.

13. The Credit Facility Team will monitor the interest rates charged and the other terms and conditions of the Interfund Loans and will make a quarterly report to the Board of each Fund concerning the participation of the Fund in the credit facility and the terms and other conditions of any extensions of credit under the credit facility.

14. The Board of each Fund, including a majority of the Independent Board Members, will: (a) Review no less frequently than quarterly the Fund's participation in the credit facility during the preceding quarter for compliance with the conditions of any order permitting the transactions; (b) establish the Bank Loan Rate formula used to determine the Interfund Loan Rate and review no less frequently than annually the continuing appropriateness of the Bank Loan Rate formula; and (c) review no less frequently than annually the continuing appropriateness of the Fund's participation in the credit facility.

15. Each Fund will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any transaction under the credit facility occurred, the first two years in an easily accessible place, written records of all such transactions setting forth a description of the terms of the transaction, including the amount, the maturity and the rate of interest on the loan, the rate of interest available at the time on short-term repurchase agreements and bank borrowings, and such other information presented to the Fund's Board in connection with the review required by conditions 13 and 14.

16. In the event an Interfund Loan is not paid according to its terms and the default is not cured within two business days from its maturity or from the time the lending Fund makes a demand for payment under the provisions of the Interfund Lending Agreement, the Credit Facility Team promptly will refer the loan for arbitration to an independent arbitrator selected by the Board of any Fund involved in the loan who will serve as the arbitrator of disputes concerning Interfund Loans.[2] The arbitrator will resolve any problem promptly, and the arbitrator's decision will be binding on both Funds. The arbitrator will submit, at least annually, a written report to the Board of each Fund setting forth a description of the nature of any dispute and the actions taken by the Funds to resolve the dispute.

17. The Credit Facility Team will prepare and submit to the Board of each Fund for review an initial report describing the operations of the credit facility and the procedures to be implemented to ensure that all Funds are treated fairly. After the commencement of operations of the credit facility, the Credit Facility Team will report on the operations of the credit facility at the quarterly meetings of each Fund's Board.

In addition, for two years following the commencement of the credit facility, the independent public accountant for each Fund shall prepare an annual report that evaluates the Credit Facility Team's assertion that it has established procedures reasonably designed to achieve compliance with the conditions of the order. The report shall be prepared in accordance with the Statements on Standards for Attestation Engagements No. 10 and it shall be filed pursuant to Item 77Q3 of Form N–SAR as such Statements or Form may be revised, amended, or superseded from time to time. In particular, the report shall address procedures designed to achieve the following objectives: (a) That the Interfund Loan Rate will be higher than the Joint Accounts Repo Rate, but lower than the Bank Loan Rate; (b) compliance with the collateral requirements as set forth in the application; (c) compliance with the percentage limitations on interfund borrowing and lending; (d) allocation of interfund borrowing and lending demand in an equitable manner and in accordance with procedures established by the Board; and (e) that the Interfund Loan Rate does not exceed the interest rate on any third party borrowings of a borrowing Fund at the time of the Interfund Loan.

After the final report is filed, each Fund's independent public accountant, in connection with its audit examinations, will continue to review the operation of the credit facility for compliance with the conditions of the application and its review will form the basis, in part, of the auditor's report on internal accounting controls in Form N–SAR.

18. No Fund will participate in the credit facility upon receipt of requisite regulatory approval unless it has fully disclosed in its prospectus or SAI all material facts about its intended participation.

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

**Nancy M. Morris,**

*Secretary.*

[FR Doc. E6–16365 Filed 10–3–06; 8:45 am]

**BILLING CODE 8010–01–P**

[2] If the dispute involves Funds with separate Boards, the Board of each Fund will select an independent arbitrator that is satisfactory to each Fund.

## SECURITIES AND EXCHANGE COMMISSION

**[Release Nos. 33–8743; 34–54519; File No. 4–526]**

## SEC Government-Business Forum on Small Business Capital Formation

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Request for public comment in connection with Forum on Small Business Capital Formation.

**SUMMARY:** The Securities and Exchange Commission is providing for additional public input in connection with its annual Government-Business Forum on Small Business Capital Formation, to be held Friday, September 29, 2006, beginning at 9 a.m. EDT, at its Washington, DC headquarters. The morning sessions of the Forum will be Webcast on the Commission's Web site at *www.sec.gov.* The public is invited to submit written statements in connection with the Forum.

This year's Forum program will include two roundtable discussions in the morning. The first roundtable will discuss the advantages to smaller public companies of filing interactive data with the SEC. The second roundtable will discuss current issues in capital raising techniques for small business, such as the status of the IPO (initial public