

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77aa(25), 77aa(26), 78l, 78m, 78n, 78o(d), 78w(a), 78ll(d), 79e(b), 79j(a), 79n, 79t(a), 80a-8, 80a-20, 80a-29, 80a-30, 80a-37a, unless otherwise noted.

2. By adding paragraph 2.(g) to the Statements of Operations § 210.6-07 to read as follows:

§ 210.6-07 Statements of operations.

* * * * *

2. *Expenses.* * * *

(g)(1) *Brokerage/Service*

Arrangements. If a broker-dealer or an affiliate of the broker-dealer has, in connection with directing the person's brokerage transactions to the broker-dealer, provided, agreed to provide, paid for, or agreed to pay for, in whole or in part, services provided to the person (other than brokerage and research services as those terms are used in section 28(e) of the Securities Exchange Act of 1934 [15 U.S.C. 78bb(e)]), include in the expense items set forth under this caption the amount that would have been incurred by the person for the services had it paid for the services directly in an arms-length transaction.

(2) *Expense Offset Arrangements.* If the person has entered into an agreement with any other person pursuant to which such other person reduces, or pays a third party which reduces, by a specified or reasonably ascertainable amount, its fees for services provided to the person in exchange for use of the person's assets, include in the expense items set forth under this caption the amount of fees that would have been incurred by the person if the person had not entered into the agreement.

(3) *Financial Statement Presentation.* Show the total amount by which expenses are increased pursuant to paragraphs (1) and (2) of this paragraph 2.(g) as a corresponding reduction in total expenses under this caption. In a note to the financial statements, state separately the total amounts by which expenses are increased pursuant to paragraphs (1) and (2) of this paragraph 2.(g), and list each category of expense that is increased by an amount equal to at least 5 percent of total expenses. If applicable, the note should state that the person could have employed the assets used by another person to produce income if it had not entered into an arrangement described in paragraph 2.(g)(2) of this section.

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PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

PART 274—FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940

3. The authority citation for Part 239 continues to read, in part, as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78w(a), 78ll(d), 79e, 79f, 79g, 79j, 79l, 79m, 79n, 79q, 79t, 80a-8, 80a-29, 80a-30 and 80a-37, unless otherwise noted.

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4. The authority citation for Part 274 continues to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b), 78l, 78m, 78n, 78o(d), 80a-8, 80a-24, and 80a-29, unless otherwise noted.

Note: The text of Form N-1A does not and the amendments will not appear in the Code of Federal Regulations.

5. By revising the introductory text of Instruction 10 to Item 2(a)(i) in Part A of Form N-1A (referenced in §§ 239.15A and 274.11A) to read as follows:

Form N-1A

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Part A—Information Required in a Prospectus

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Item 2. Synopsis

(a)(i) * * *

Instructions: * * *

10. "Other Expenses" includes all expenses (except nonrecurring account fees and expenses reported in other items of the table) that are deducted from fund assets or charged to all shareholder accounts. The amounts of expenses deducted from fund assets are the amounts shown as expenses in the Registrant's statement of operations (including increases resulting from complying with paragraph 2(g) of Rule 6-07 [17 CFR 210.6-07] of Regulation S-X).

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6. By amending Item 3(a) in Part A of Form N-1A (referenced in §§ 239.15A and 274.11A) by adding the phrase "Average Commission Rate Paid" below "Portfolio Turnover Rate", by redesignating Instructions 13 and 14 as Instructions 14 and 15, and adding Instructions 13, 16, and 17 to read as follows:

Form N-1A

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Part A—Information Required in a Prospectus

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Item 3. Condensed Financial Information

(a) * * *

Instructions:

* * * * *

Ratios/Supplemental Data

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13. Compute the "ratio of expenses to average net assets" using the amount of expenses shown in the Registrant's statement of operations for the relevant fiscal year, including increases resulting from complying with paragraph 2(g) of Rule 6-07 [17 CFR 210.6-07] of Regulation S-X, and including reductions resulting from complying with paragraphs 2(a) and (f) of Rule 6-07 regarding fee waivers and reimbursements. If a change in the methodology for determining the ratio of expenses to average net assets results from applying paragraph 2(g) of Rule 6-07, explain in a note that the ratio reflects fees paid with brokerage commissions and fees reduced in connection with specific agreements only for fiscal years ending after September 1, 1995.

* * * * *

Average Commission Rate Paid

16. A Registrant that invests not more than ten percent of the value of its average net assets in equity securities on which commissions are charged on trades may omit "average commission rate paid." Compute average net assets based on amounts invested at the end of each fiscal quarter.

17. Compute the "average commission rate paid" as follows: (A) divide the total dollar amount of commissions paid during the fiscal year by (B) the total number of shares purchased and sold during the fiscal year for which commissions were charged. Carry the amount of the average commission rate paid to no fewer than four decimal places. Convert commissions paid in foreign currency into U.S. dollars and cents per share using consistently either the prevailing exchange rate on the date of the transaction or average exchange rate over such period as related transactions took place. Do not include mark-ups, mark-downs, or spreads paid on shares traded on a principal basis unless such mark-ups, mark-downs, or spreads are disclosed on confirmations prepared in accordance with rule 10b-10 under the 1934 Act [17 CFR 240.10b-10].

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7. By redesignating Instructions 7 and 8 to Item 22(b)(ii) as Instructions 8 and 9, and adding Instruction 7 to Item 22(b)(ii) in Part B of Form N-1A