

(3) Usual and ordinary fees for services as a director;

(4) An interest of a non-executive employee;

(5) An interest of an insurance company arising from a loan or policy made or issued by it in the ordinary course of business to a natural person;

(6) An interest of a bank arising from a loan to a person who is an officer, director, or executive of a company which is a participant in the joint transaction or from a loan to a person who directly or indirectly owns, controls, or holds with power to vote, five percent or more of the outstanding voting securities of a company which is a participant in the joint transaction;

(7) An interest acquired in a transaction described in paragraph (d)(3) of this section; or

(8) Any other interest that the board of directors of the investment company, including a majority of the directors who are not interested persons of the investment company, finds to be not material, provided that the directors record the basis for that finding in the minutes of their meeting.

(B) A person has a financial interest in any party in which it has a financial interest, in which it had a financial interest within six months prior to the investment company's participation in

the enterprise, or in which it will acquire a financial interest pursuant to an arrangement in existence at the time of the investment company's participation in the enterprise.

(6) The receipt of securities and/or cash by an investment company or a controlled company thereof and an affiliated person of such investment company or an affiliated person of such person pursuant to a plan of reorganization: *Provided*, That no person identified in § 270.17a-6(a)(1) or any company in which such a person has a direct or indirect financial interest (as defined in paragraph (d)(5)(iii) of this section):

\* \* \* \*

7. Section 270.17e-1 is amended by revising paragraphs (b)(3) and (d) to read as follows:

**§ 270.17e-1 Brokerage transactions on a securities exchange.**

\* \* \* \*

(b) \* \* \*

(3) Determines no less frequently than quarterly that all transactions effected pursuant to this section during the preceding quarter (other than transactions in which the person acting as broker is a person permitted to enter into a transaction with the investment

company by § 270.17a-10) were effected in compliance with such procedures;

\* \* \* \*

(d) The investment company:

(1) Shall maintain and preserve permanently in an easily accessible place a copy of the procedures (and any modification thereto) described in paragraph (b)(1) of this section; and

(2) Shall maintain and preserve for a period not less than six years from the end of the fiscal year in which any transactions occurred, the first two years in an easily accessible place, a record of each such transaction (other than any transaction in which the person acting as broker is a person permitted to enter into a transaction with the investment company by § 270.17a-10) setting forth the amount and source of the commission, fee or other remuneration received or to be received, the identity of the person acting as broker, the terms of the transaction, and the information or materials upon which the findings described in paragraph (b)(3) of this section were made.

By the Commission.

Dated: January 14, 2003.

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 03-1229 Filed 1-21-03; 8:45 am]

**BILLING CODE 8010-01-P**