

other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee:

(i) Accept directly or indirectly any consulting, advisory, or other compensatory fee from the issuer; or

(ii) Be an "interested person" of the investment company as defined in Section 2(a)(19) of the Act (15 U.S.C. 80a-2(a)(19)).

(3) If the registrant provides the disclosure required by paragraph (b)(1)(ii) of this Instruction 102P3, it must explain why it does not have an audit committee financial expert.

(4) The information required by paragraphs (b)(1) "(3) of this Instruction 102P3 is only required in an annual report on Form N-SAR.

(5) If the registrant's board of directors has determined that the registrant has more than one audit committee financial expert serving on its audit committee, the registrant may, but is not required to, disclose the names of those additional persons. A registrant choosing to identify such persons must indicate whether they are independent pursuant to paragraph (b)(2) of this Instruction 102P3.

(6) For purposes of this Instruction 102P3, an "audit committee financial expert" means a person who has the following attributes:

(i) An understanding of generally accepted accounting principles and financial statements;

(ii) The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;

(iii) Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;

(iv) An understanding of internal controls and procedures for financial reporting; and

(v) An understanding of audit committee functions.

(7) A person shall have acquired such attributes through:

(i) Education and experience as a principal financial officer, principal accounting officer, controller, public accountant, or auditor or experience in one or more positions that involve the performance of similar functions;

(ii) Experience actively supervising a principal financial officer, principal accounting officer, controller, public

accountant, auditor, or person performing similar functions;

(iii) Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or

(iv) Other relevant experience.

(8)(i) A person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for purposes of Section 11 of the 1933 Act (15 U.S.C. 77k), as a result of being designated or identified as an audit committee financial expert pursuant to this Instruction 102P3(b).

(ii) The designation or identification of a person as an audit committee financial expert pursuant to this Instruction 102P3(b) does not impose on such person any duties, obligations, or liability that are greater than the duties, obligations, and liability imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification.

(iii) The designation or identification of a person as an audit committee financial expert pursuant to this Instruction 102P3(b) does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

(9) If a person qualifies as an audit committee financial expert by means of having held a position described in paragraph (b)(7)(iv) of this Instruction 102P3, the registrant shall provide a brief listing of that person's relevant experience.

(c) Furnish any other information required to be included as an exhibit pursuant to such rules and regulations as the Commission may prescribe.

\* \* \* \* \*

22. Section 274.128 and Form N-CSR (referenced in §§ 249.331 and 274.128) are added to read as follows:

**§ 274.128 Form N-CSR, certified shareholder report.**

This form shall be used by registered management investment companies to file reports pursuant to § 270.30b2-1(a) of this chapter not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under § 270.30e-1 of this chapter.

\* \* \* \* \*

**Note:** The text of Form N-CSR does not, and this amendment will not, appear in the *Code of Federal Regulations*.

**FORM N-CSR**

**Certified Shareholder Report of Registered Management Investment Companies**

Investment Company Act file number \_\_\_\_\_

(Exact name of registrant as specified in charter)

(Address of principal executive offices)  
(Zip code)

(Name and address of agent for service)

Registrant's telephone number, including area code: \_\_\_\_\_

Date of fiscal year end: \_\_\_\_\_

Date of reporting period: \_\_\_\_\_

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. 3507.

**General Instructions**

**A. Rule as to Use of Form N-CSR**

Form N-CSR is a combined reporting form that is to be used for reports of registered management investment companies under Section 30(b)(2) of the Investment Company Act of 1940 (the "Act") and Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), filed pursuant to Rule 30b2-1(a) under the Act (17 CFR 270.30b2-1(a)). A report on this Form shall be filed within 10 days after the transmission to stockholders of any annual or semi-annual report that is required to be transmitted to