

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77z-2, 77z-3, 77aa(25), 77aa(26), 78c, 78j-1, 78l, 78m, 78n, 78o(d), 78q, 78u-5, 78w(a), 78ll, 78mm, 79e(b), 79j(a), 79n, 79t(a), 80a-8, 80a-20, 80a-29, 80a-30, 80a-31, 80a-37(a), 80b-3, 80b-11, 7202 and 7262, unless otherwise noted.

2. Section 210.6-07 is amended by:
 - a. Redesignating paragraphs 2.(d), (e), (f), and (g) as paragraphs 2.(e), (f), (g), and (h); and
 - b. Adding new paragraph 2.(d) to read as follows:

§ 210.6-07 Statements of operations.

* * * * *

2. Expenses. * * *

(d) If a registered investment company or separate series of a registered investment company ("Fund") or a principal adviser (as defined in § 270.15a-5(b)(2) of this chapter) of the Fund, in reliance on § 270.15a-5 of this chapter, has entered into a contract or contracts with a subadviser (as that term is defined in § 270.15a-5(b)(3) of this chapter) of the Fund without approval by a vote of the securities of the Fund, the investment advisory fee paid to any subadviser that is not an affiliated person (as defined in 15 U.S.C. 80a-2(a)(3)) of the principal adviser with which it has contracted or of the Fund (other than by reason of serving as an investment adviser to the Fund) need not be disclosed as a separate expense item in response to paragraphs 2.(a), (b), or (c) of this section.

* * * * *

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

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

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78e, 78f, 78g, 78i, 78j, 78k-1, 78k, 78k-1, 78l, 78m, 78n, 78o, 78p, 78q, 78s, 78u-5, 78w, 78x, 78ll, 78mm, 79q, 79t, 80a-8, 80a-24, 80a-26, 80a-29, 80a-30, and 80a-37, unless otherwise noted.

* * * * *

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

4. The authority citation for part 240 continues to read, in part, as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78e, 78f, 78g, 78i, 78j, 78j-1, 78k, 78k-1, 78l, 78m, 78n, 78o, 78p, 78q, 78s, 78u-5, 78w, 78x, 78ll, 78mm, 79q, 79t, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, 80b-11, 7202, 7241, 7262, and 7263; and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

5. Section 240.14a-101, Item 22, is amended by:

- a. Designating the Instruction before paragraph (c)(1) as Instruction 1 and adding Instruction 2; and

- b. Designating the Instruction after paragraph (c)(10) as Instruction 1 and adding Instruction 2.

These additions and revisions read as follows:

§ 240.14a-101 Schedule 14A. Information required in proxy statement.

* * * * *

Item 22. Information required in investment company proxy statement.

* * * * *

(c) * * *

Instructions to paragraph (c). 1. * * *

2. Where information is furnished in response to this item in order to comply with the requirements of § 270.15a-5(a)(5) of this chapter, the rate of compensation and the aggregate amount of the fee paid to the subadviser (as that term is defined in § 270.15a-5(b)(3) of this chapter) need not be disclosed in response to any paragraph of this item, and the information required by paragraph (c)(9) of this item need not be disclosed, unless such subadviser is a wholly-owned subsidiary (as defined in 15 U.S.C. 80a-2(a)(43)) of the principal adviser (as that term is defined in § 270.15a-5(b)(2) of this chapter) with which it has contracted.

* * * * *

(10) * * *

Instructions to paragraph (c)(10). 1.

* * *

2. Where information is furnished in response to this item in order to comply with the requirements of § 270.15a-5(a)(5) of this chapter, the compensation information required by this paragraph (c)(10) need not be disclosed, unless the information pertains to a subadviser (as that term is defined in § 270.15a-5(b)(3) of this chapter) that is a wholly-owned subsidiary (as defined in 15 U.S.C. 80a-2(a)(43)) of the principal adviser (as that term is defined in § 270.15a-5(b)(2) of this chapter) with which it has contracted.

PART 270—RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

6. The authority citation for Part 270 continues to read in part as follows:

Authority: 15 U.S.C. 80a-1 *et seq.*, 80a-34(d), 80a-37, and 80a-39, unless otherwise noted.

* * * * *

7. Section 270.15a-5 is added to read as follows:

§ 270.15a-5 Exemption from shareholder approval for certain subadvisory contracts.

(a) *Exemption from shareholder approval.* Notwithstanding section 15(a) of the Act (15 U.S.C. 80a-15(a)), a subadvisory contract need not be approved by a vote of a majority of the outstanding voting securities of a fund, if the following conditions are met:

(1) *No increase in fees.* The subadvisory contract does not directly or indirectly increase the management and advisory fees charged to the fund or its shareholders.

(2) *Conflicting relationships prohibited.*

(i) The subadviser is not an affiliated person of the principal adviser with which it has contracted or of the fund (other than by reason of serving as an investment adviser to the fund), and no director or officer of the fund, and no principal adviser or director or officer of the principal adviser with which the subadviser has contracted, directly or indirectly owns any material interest in the subadviser other than an interest through ownership of shares of a pooled investment vehicle that is not controlled by such person (or entity); or

(ii) The subadviser is a wholly-owned subsidiary (as defined in section 2(a)(43) of the Act (15 U.S.C. 80a-2(a)(43)) of the principal adviser, and the wholly-owned subsidiary has been hired as a subadviser to replace another wholly-owned subsidiary that has been terminated as a subadviser to the fund, or the subadvisory contract of a wholly-owned subsidiary has been materially amended.

(3) *Shareholder authorization.*

Shareholders of the fund have authorized a principal adviser, subject to approval by the board of directors, to enter into contracts with subadvisers without approval by a vote of the outstanding voting securities of the fund or, if the fund's securities have not been publicly offered or sold to persons who are not promoters or affiliated persons of the fund, the directors of the fund have authorized the principal adviser to enter into such contracts.

(4) *Supervision of subadvisers.* A contract between the fund and a principal adviser provides that the principal adviser must supervise and oversee the activities of the subadviser under the subadvisory contract on behalf of the fund.

(5) *Disclosure to shareholders.* Within 90 days after entry into a new subadvisory contract or after making a material change to a wholly-owned subsidiary's existing subadvisory contract, the fund furnishes its shareholders with an information statement, which must be filed with the