

Commission in accordance with the requirements of § 240.14c-5(b) of this chapter, that describes the new agreement, and contains the information specified in Regulation 14C (17 CFR 240.14c-1 through 240.14c-7), Schedule 14C (17 CFR 240.14c-101), and Item 22 of Schedule 14A (17 CFR 240.14a-101) under the Securities Exchange Act of 1934 (15 U.S.C. 78a-mm).

(6) *Fund name.* If the fund identifies the subadviser as a part of the fund's name or title, it also clearly identifies in its name or title the principal adviser with which the subadviser has contracted, before the name of the subadviser.

(7) *Board of directors composition, selection, and representation.*

(i) A majority of the directors of the fund are not interested persons of the fund, and those directors select and nominate any other disinterested directors; and

(ii) Any person who acts as legal counsel for the disinterested directors is an independent legal counsel.

(b) *Definitions.*

(1) *Fund* means a registered open-end management investment company, or separate series of a registered open-end management investment company.

(2) *Principal adviser* means an investment adviser as defined in section 2(a)(20)(A) of the Act (15 U.S.C. 80a-2(a)(20)(A)).

(3) *Subadviser* means an investment adviser as defined in section 2(a)(20)(B) of the Act (15 U.S.C. 80a-2(a)(20)(B)).

(4) *Subadvisory contract* means a contract between a principal adviser and subadviser to a fund, under which contract the subadviser agrees to perform investment advisory services on behalf of the fund, and which is terminable at any time by the principal adviser, on no more than 60 days written notice, without payment of penalty.

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

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

8. The authority citation for part 274 continues to read in part as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b), 78l, 78m, 78n, 78o(d), 80a-8, 80a-24, 80a-26, and 80a-29, unless otherwise noted.

9. Form N-1A (referenced in §§ 239.15A and 274.11A) is amended by:

a. In Item 4(b)(1) by redesignating Instructions 3, 4, 5, 6, and 7 as Instructions 4, 5, 6, 7, and 8 and adding new Instruction 3;

b. In Item 6 adding a sentence to the end of paragraph (a)(1)(i) and a Note; and

c. In Item 15 adding Instruction 5 before paragraph (b).

These additions and revisions read as follows:

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

Form N-1A

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Item 4. Investment Objectives, Principal Investment Strategies, and Related Risks

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(b) * * *

(1) * * *

Instructions. * * *

3. A Fund that uses (or reserves the right to use) the services of any other investment adviser to implement the investment objectives, strategies, and policies of the Fund, without shareholder approval of those advisers' contracts in reliance on § 270.15a-5, should regard such use (or reservation to use) as a principal investment strategy.

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Item 6. Management, Organization, and Capital Structure

(a) * * *

(1) *Investment Adviser.*

(i) * * * If the investment adviser is a subadviser whose contract has not been approved by shareholders in reliance on § 270.15a-5, explain that the subadviser may be replaced, and that additional subadvisers may be retained, without shareholder approval.

Note: If the Fund uses the services of more than one subadviser whose contracts have not been approved by shareholders in reliance on § 270.15a-5, then the Fund may include a general statement, appropriately located, explaining that any of the subadvisers may be replaced, and that additional subadvisers may be retained, without shareholder approval.

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Item 15. Investment Advisory and Other Services

(a) * * *

(3) * * *

Instructions. * * *

5. If the Fund and an investment adviser comply with the conditions of § 270.15a-5(a)(1)-(7) and (b)(4) (which permits a subadviser to advise the Fund without shareholder approval), the Fund may elect not to disclose separately the fees paid to each subadviser that is not an affiliated person of the principal adviser with which it has contracted, if the Fund instead discloses, both as a dollar amount and as a percentage of its net assets:

(a) The individual fees paid to the principal adviser of the Fund and to each subadviser that is an affiliated person of the principal adviser with which it has contracted;

(b) The net advisory fee retained by the principal adviser after payment of fees to all subadvisers; and

(c) The aggregate fees paid to all subadvisers of the Fund that are not affiliated persons of the principal adviser with which they have contracted.

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By the Commission.

Dated: October 23, 2003.

Jill M. Peterson,

Assistant Secretary.

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