

Registered management investment companies must file their first report on Form N-PX not later than August 31, 2004, for the twelve-month period beginning July 1, 2003, and ending June 30, 2004. Based on the comments, we believe that this will provide funds with sufficient time to make any necessary changes to existing software and internal systems in order to compile proxy voting information in the manner that will be required by new Form N-PX.

All initial registration statements on Form N-1A, N-2, or N-3, and all post-effective amendments that are annual updates to effective registration statements on these forms, filed on or after July 1, 2003, must include the disclosure required by Item 13(f) of Form N-1A, Item 18.16 of Form N-2, or Item 20(o) of Form N-3, as applicable, regarding the fund's proxy voting policies and procedures.⁵⁴ Every annual report by a closed-end fund on Form N-CSR filed on or after July 1, 2003, must include the disclosure required by Item 7 of Form N-CSR regarding the fund's proxy voting policies and procedures.

All initial registration statements on Form N-1A, N-2, or N-3, and all post-effective amendments that are annual updates to effective registration statements on these forms, filed on or after August 31, 2004, must include the disclosure required by Item 13(f) of Form N-1A, Item 18.16 of Form N-2, or Item 20(o) of Form N-3, as applicable, regarding the availability of the fund's proxy voting record. Every report to shareholders of a fund registered on Form N-1A, N-2, or N-3 that is transmitted to shareholders on or after August 31, 2004, must include the disclosure required by Item 22(b)(8) and 22(c)(6) of Form N-1A, Instructions 4.h. and 5.f. to Item 23 of Form N-2, or Instructions 4(viii) and 5(vi) to Item 27(a) of Form N-3, as applicable, regarding the availability of a fund's proxy voting record. Every report to shareholders of a fund registered on Form N-1A, N-2, or N-3 that is transmitted to shareholders on or after the effective date of an initial registration statement or post-effective amendment that is required to include a description of the fund's proxy voting policies and procedures (or, in the case of a closed-end fund, the filing date of its first annual report on Form N-CSR filed on or after July 1, 2003) must

include the disclosure required by Item 22(b)(7) and 22(c)(5) of Form N-1A, Instructions 4.g. and 5.e. to Item 23 of Form N-2, or Instructions 4(vii) and 5(v) to Item 27(a) of Form N-3 regarding the availability of the fund's proxy voting policies and procedures.

IV. Paperwork Reduction Act

As explained in the Proposing Release, certain provisions of the amendments contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 ("PRA") [44 U.S.C. 3501 *et seq.*], and the Commission has submitted the proposed collections of information to the Office of Management and Budget ("OMB") for review in accordance with 44 U.S.C. 3507(d) and 5 CFR 1320.11. The titles for the collections of information that we have submitted are: (1) "Form N-1A under the Investment Company Act of 1940 and Securities Act of 1933, Registration Statement of Open-End Management Investment Companies"; (2) "Form N-2—Registration Statement of Closed-End Management Investment Companies"; (3) "Form N-3—Registration Statement of Separate Accounts Organized as Management Investment Companies"; (4) "Form N-CSR—Certified Shareholder Report of Registered Management Investment Companies"; and (5) "Rule 30e-1 under the Investment Company Act of 1940, Reports to Stockholders of Management Companies." OMB approved the collections of information for the amendments to Forms N-1A, N-2, and N-3, and rule 30e-1. Because we have modified our proposals as described above, we are revising the burden estimate for Form N-CSR and rule 30e-1. We have submitted a revised collection of information for Form N-CSR to OMB, and have submitted the following additional collection of information to OMB: "Form N-PX—Annual Report of Proxy Voting Record of Registered Management Investment Companies." An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Form N-1A (OMB Control No. 3235-0307), Form N-2 (OMB Control No. 3235-0026), and Form N-3 (OMB Control No. 3235-0316) were adopted pursuant to Section 8(a) of the Investment Company Act [15 U.S.C. 80a-8] and Section 5 of the Securities Act [15 U.S.C. 77e]. Form N-CSR (OMB Control No. 3235-0570) was adopted pursuant to Section 30 of the Investment Company Act [15 U.S.C. 80a-29] and Sections 13(a) and 15(d) of the

Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. 78m and 78o(d)]. Form N-PX is being adopted pursuant to Section 30 of the Investment Company Act [15 U.S.C. 80a-29]. Rule 30e-1 under the Investment Company Act (OMB Control No. 3235-0025) was adopted pursuant to Section 30(e) of the Investment Company Act [15 U.S.C. 80a-29(e)].

As discussed above, the amendments will require that funds holding equity securities disclose the policies and procedures that they use to determine how to vote the proxies of their portfolio securities. The amendments also require funds to file with the Commission and to make available to their shareholders the specific proxy votes that they cast in shareholder meetings of issuers of portfolio securities. These changes are intended to enhance the transparency of fund proxy voting and will allow shareholders to monitor whether funds are voting portfolio securities in the best interests of shareholders.

Summary of Comment Letters and Revisions to Proposals

We requested comment on the PRA analysis contained in the Proposing Release, and we received numerous comment letters concerning the proposed collection of information requirements, particularly with respect to the proposed requirement to disclose funds' actual proxy voting records. Many commenters, including in particular funds that currently provide disclosure of their proxy votes, indicated that the Commission's estimates of the burden of the proposed disclosure were reasonable, and that available technology and other resources would render record-keeping and reporting requirements relatively routine. Other commenters, including many other members of the fund industry, argued that the Commission's estimates substantially underestimated the burden of providing the proposed disclosure. Some of these commenters argued that the Commission's estimates omitted start-up and one-time transition costs for collecting proxy voting information and preparing it in the format that would be required by Form N-CSR.⁵⁵

Several commenters provided specific estimates of the costs of providing the disclosure of their proxy vote records. However, these commenters generally did not provide any breakdown of the components of these estimates (e.g., number of tasks required, persons

⁵⁴ We would not object if existing funds file their first annual update complying with the amendments pursuant to rule 485(b) under the Securities Act [17 CFR 230.485(b)], provided that the post-effective amendment otherwise meets the conditions for immediate effectiveness under the rule.

⁵⁵ See, e.g., Letter of Craig Tyle, General Counsel, Investment Company Institute (Dec. 6, 2002) ("ICI Letter").