

with the dollar midpoint of the overlap area. If the employee's adjusted rate of pay is lower than the dollar midpoint of the overlap area, convert the employee to the lower grade. If the employee's adjusted rate of pay is equal to or higher than the dollar midpoint of the overlap area, convert the employee to the higher grade.

5. Exception: An employee's converted GS grade may not be lower than the GS grade held by the employee immediately preceding a lateral conversion into the broadbanning system, unless the employee was retaining a GS grade immediately before conversion or the employee underwent a reduction in band while in the broadbanning system.

6. Exception: If an employee moves back to the General Schedule before any pay adjustment event under the broadbanning system (including any promotion, demotion, or systemwide pay adjustment), the employee's converted GS grade is the grade the employee held immediately before conversion into the broadbanning system. (A pay adjustment event does not include any prorated within-grade or career-ladder promotion pay increase received as part of conversion into the system or any across-the-board increase.)

B. GS pay rate determination—IRS must determine the employee's GS-equivalent rate of pay under the following rules (except as otherwise provided in section C). If an employee voluntarily moves back to the General Schedule before any pay adjustment event under the broadbanning system (as described in paragraph 6 of section A of these procedures), IRS must subtract any prorated basic pay increase received as part of conversion into the broadbanning system (including any applicable locality payment or staffing supplement associated with that increase) before applying these rules.

1. Convert the employee's adjusted rate of basic pay under the broadbanning system (including any locality adjustment (or similar geographic adjustment) or staffing supplement, as applicable) to a GS adjusted rate on the highest applicable rate range for the converted GS grade derived under section A of these procedures. (For this purpose, a "GS rate range" includes a rate range in (1) the GS basic pay schedule, (2) an applicable locality pay schedule (including any special geographic-adjusted schedule for LEOs), or (3) an applicable special rate schedule.)

2. If the highest applicable GS rate range is under a locality pay schedule, convert the employee's adjusted rate of pay under the broadbanning system to a GS locality rate of pay. Since this converted rate is used only as a basis for setting the employee's rate in the new position, do not adjust the converted rate to equal a standard step rate. The rate of basic pay underlying the converted GS locality rate of pay becomes the employee's converted GS unadjusted rate of basic pay. (If such an employee is also covered by a special rate schedule, add the special rate increment for the grade to the employee's converted GS unadjusted rate of basic pay to derive the employee's converted special rate.)

3. If the highest applicable GS rate range is a special rate range, convert the employee's adjusted rate of pay to a special rate. The converted special rate may fall between the

standard step rates. The converted special rate is the employee's converted GS unadjusted rate of basic pay.

4. If the employee's adjusted rate of pay exceeds the maximum rate of the highest applicable rate range, apply the procedures provided in the table under C.2., following, to determine the employee's GS-equivalent pay rate. Use the employee's adjusted rate of pay and unadjusted rate of pay in place of "adjusted retained rate" and "unadjusted retained rate," respectively.

C. Apply the following procedures to determine the converted GS-equivalent grade and pay rate for employees retaining a band or pay rate under the broadbanning system.

1. If an employee is retaining a band, apply the procedures in sections A and B using the grades encompassed by the employee's retained band to determine the employee's GS-equivalent retained grade and pay rate. The time in a retained band counts toward the 2-year limit on grade retention in 5 U.S.C. 5362.

2. If the employee's rate of pay under the broadbanning system is a retained rate, the employee's GS-equivalent grade is the highest grade encompassed in his or her band.

If the employee's adjusted retained rate* * *	Then* * *
(i) is less than the maximum rate of the highest applicable rate range.	apply the procedures in B.1.-B.3. to determine the employee's GS-equivalent pay rate.
(ii) exceeds the maximum rate of the highest applicable rate range and the employee is not in a special rate category.	convert the employee's unadjusted retained rate to a GS-equivalent retained rate.
(iii) exceeds the maximum rate of the highest applicable rate range and the employee is in a special rate category.	convert the employee's adjusted retained rate to a GS-equivalent retained rate.

D. Within-grade increase "equivalent increase" determinations—Service under a broadbanning system is creditable for within-grade increase purposes upon conversion to the GS pay system. Basic pay increases (excluding across-the-board increases) under a broadbanning system are "equivalent increases" for the purpose of determining the beginning of a within-grade increase waiting period under 5 CFR 531.405(b). A performance-based increase in basic pay of any amount (including a zero increase) is considered a last "equivalent increase" for this purpose. Do not include any prorated within-grade or career-ladder promotion basic pay increases received as part of the conversion into the broadbanning system in determining an employee's last "equivalent increase," if such increases were subtracted prior to determining the employee's GS-

equivalent rate of pay under section B of these procedures.

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**SECURITIES AND EXCHANGE COMMISSION**

**Submission for OMB Review; Comment Request**

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of Filings and Information Services, Washington, D.C. 20549.

*Extension:*

Rule 30d-2, SEC File No. 270-437, OMB Control No. 3235-0494.

Notice is hereby given that, under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Section 30(e) of the Investment Company Act of 1940 [15 U.S.C. 80a-29(e)] (the "Investment Company Act" or "Act") and rule 30d-2<sup>1</sup> thereunder [17 CFR 270.30d-2] require unit investment trusts ("UITs") that invest substantially all of their assets in securities of a management investment company ("fund") to send a report to shareholders at least semi-annually containing financial information on the underlying fund.<sup>2</sup> Rule 30d-2 requires that the reports contain the financial statements that are required by rule 30d-1 [17 CFR 270.30d-1] to be included in the report of the underlying fund for the same fiscal period. Rule 30d-1 requires that the reports contain the financial statements required by a fund's registration form. Rule 30d-2, however, permits, under certain conditions, delivery of a single shareholder report to investors who share an address ("householding") to satisfy the delivery requirements of the rule. The purpose of the householding provisions of the rule

<sup>1</sup> The Commission has proposed that rule 30d-2 be redesignated as rule 30e-2. See Role of Independent Directors of Investment Companies. Securities Act Rel. No. 7754; Exchange Act Rel. No. 42007; Investment Company Act Rel. No. 24082 (Oct. 14, 1999) [64 FR 59826 (Nov. 3, 1999)]. The proposal has not been adopted as of the date of this notice.

<sup>2</sup> Management investment companies are defined in section 4(3) of the Investment Company Act as any investment company other than a face-amount certificate company or a unit investment trust, as those terms are defined in sections 4(1) and 4(2) of the Investment Company Act. See 15 U.S.C. 80a-4.

is to reduce the amount of duplicative reports delivered to investors sharing the same address.

Rule 30d-2 permits householding of annual and semi-annual reports by UITs to satisfy the delivery requirements of rule 30d-2 if, in addition to the other conditions set forth in the rule, the UIT has obtained from each investor written or implied consent to the householding of shareholder reports. The rule requires UITs that wish to household shareholder reports with implied consent to send a notice to each investor stating that the investors in the household will receive one report in the future unless the investors provide contrary instructions. In addition, at least once a year, UITs relying on the rule for householding must explain to investors who have provided written or implied consent how they can revoke their consent. Preparing and sending the initial notice and the annual explanation of the right to revoke are collections of information.

The rule requires UITs that invest substantially all of their assets in securities of a fraud to transmit to shareholders at least semi-annually reports containing financial statements and certain other information in order to apprise current shareholders of the operational and financial condition of the UIT. Absent the requirement to disclose all material information in reports, investors would be unable to obtain accurate information upon which to base investment decisions and consumer confidence in the securities industry might be adversely affected. Requiring the submission of these reports to the Commission permits us to verify compliance with securities law requirements.

Rule 30d-2 allows UITs to household shareholder reports if certain conditions are met. Among the conditions with which a UIT must comply are providing notice to each investor that only one report will be sent to the household and providing to each investor that consents to householding an annual explanation of the right to revoke consent to the delivery of a single shareholder report to multiple investors sharing an address. The purpose of the notice and annual explanation requirements associated with the householding provisions of the rule is to ensure that investors who wish to receive individual copies of shareholder reports are able to do so.

The Commission estimates that as of December 1999, approximately 655 UITs were subject to the provisions of rule 30d-2. The Commission further estimates that the annual burden associated with rule 30d-2 is 121 hours for each UIT, including an estimated 20

hours associated with the notice requirement for householding and an estimated 1 hour associated with the explanation of the right to revoke consent to householding, for a total of 79,255 burden hours.

The estimate of average burden hours is made solely for the purpose of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

In addition to the burden hours, the Commission estimates that the cost of contracting for outside services associated with complying with rule 30d-2 is \$12,000 per respondent (80 hours times \$150 per hour for independent auditor services), for a total of \$7,860,000 (\$12,000 per respondent times 655 respondents).

Compliance with the collection of information requirements relating to the transmittal of shareholder reports required by the rule is mandatory. Compliance with the collection of information requirements relating to the householding provisions of the rule is necessary to obtain the benefit of providing only one shareholder report to a household containing more than one investor. Responses to the collections of information will not be kept confidential. The rule does not require these reports or notices be retained for any specific period of time. 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 control number.

Please direct general comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days after this notice.

Dated: December 11, 2000.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 24789/December 12, 2000]

### INVESTMENT COMPANY ACT OF 1940; Vanguard Index Funds et al.

In the Matter of; Vanguard Index Funds, The Vanguard Group, Inc., Vanguard Marketing Corporation, P.O. Box 2600, Valley Forge, PA 19482, (812-12094), Order under section 6(c) of the Investment Company Act of 1940 granting exemptions from sections 2(a)(32), 18(f)(1), 18(i), 22(d) and 24(d) of the Act and Rule 22c-1 under the Act and under sections 6(c) and 17(b) of the Act granting exemptions from sections 17(a)(1) and (2) of the Act and denying a request for hearing.

Vanguard Index Funds, The Vanguard Group, Inc. and Vanguard Marketing Corporation (collectively, "Vanguard") filed an application on May 12, 2000, and amended the application on July 12, 2000. Applicants requested an order under section 6(c) of the Investment Company Act of 1940 ("Act") for exemptions from sections 2(a)(32), 18(f)(1), 18(i), 22(d), and 24(d) of the Act and rule 22c-1 under the Act, and under sections 6(c) and 17(b) of the Act for exemptions from sections 17(a)(1) and (2) of the Act. The requested order would permit: (a) certain open-end management investment companies ("Funds") to issue a new class of shares with limited redeemability ("VIPERS"); (b) secondary market transactions in VIPERs at negotiated prices on a national securities exchange; (c) dealers to sell VIPERs to secondary market purchasers unaccompanied by a prospectus, when prospectus delivery is not required by the Securities Act of 1933 ("Securities Act"); and (d) certain affiliated persons of the Funds to deposit securities into, and receive securities from, the Funds in connection with the purchase and redemption of aggregations of VIPERs.

On October 6, 2000, a notice of the filing of the application was issued (Investment Company Act Release No. 24680). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing was ordered. On October 30, 2000, Standard & Poor's ("S&P"), a division of McGraw-Hill Companies, Inc. ("McGraw-Hill"), submitted a hearing request on the application ("Hearing Request").

Rule 0-5(c) states that the Commission will order a hearing on a matter, upon the request of an "interested person" or upon its own motion, if it appears that a hearing is "necessary or appropriate in the public interest or for the protection of