

the Acquired Funds' shareholders and the value of their interests; (c) the fact that the Reorganizations would likely provide economies of scale over time that could reduce some Fund expenses; (d) the fact that AIG or an affiliated person thereof will bear the expenses relating to the Reorganizations; (e) the anticipated tax-free nature of the Reorganizations; and (f) the investment experience, expertise and resources of SAAMCo.

8. The Reorganizations are subject to a number of conditions precedent, including: (a) The shareholders of each Acquired Fund will have approved the Reorganization; (b) the Funds will have received opinions of counsel concerning the tax-free nature of each Reorganization; and (c) applicants will have received exemptive relief from the Commission to permit the Reorganizations. Each Plan may be terminated prior to the Closing Date by the mutual agreement of the Boards on behalf of the Acquiring Funds and the Acquired Funds. Applicants agree not to make any material changes to the Plans that affect the application without prior Commission approval.

9. A registration statement on Form N-14 with respect to each Reorganization, containing a prospectus/proxy statement, was filed with the Commission on August 17, 2001, and became effective on October 3, 2001. Solicitation materials related to the Reorganizations were mailed to shareholders of the Acquired Funds on or about October 5, 2001. A special meeting of shareholders of each Acquired Fund is scheduled to be held on November 7, 2001.

Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include: (a) Any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose securities are directly or indirectly owned, controlled, or held with power to vote by the other person; (c) any person directly or indirectly controlling, controlled by or under common control with the other person, and (d) if the other person is an investment company, any investment adviser of that company. Applicants state that the Funds may be deemed affiliated persons and, thus, the

Reorganizations may be prohibited by section 17(a).

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) certain mergers, consolidations, and sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied. Applicants believe that rule 17a-8 may not be available in connection with the Reorganizations because certain of the Funds may be deemed to be affiliated for reasons other than those set forth in the rule. Applicants state that because the Affiliated Plan and VALIC each own 5% or more (and in some cases more than 25%) of the outstanding voting securities of certain Acquired Funds, those Funds may be deemed to be affiliated persons of an affiliated person (AIG) of the Acquiring Fund to which they propose to sell their assets. Applicants state that because SAAMCo will own all of the outstanding voting securities of the Shells, those Acquiring Funds may be deemed to be affiliated persons of an affiliated person (AIG) of the Acquired Funds from which the Acquiring Funds propose to purchase assets in connection with the Reorganizations.

3. Section 17(b) of the Act provides, in relevant part, that the Commission may exempt a transaction from the provisions of section 17(a) if the evidence establishes that the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

4. Applicants request an order under section 17(b) of the Act exempting them from section 17(a) of the Act to the extent necessary to complete the Reorganizations. Applicants submit that the Reorganizations satisfy the standards of section 17(b) of the Act. Applicants state that the terms of the proposed Reorganizations are fair and reasonable and do not involve overreaching. Applicants also state that the Boards, including a majority of the Independent Trustees, have determined that the participation of the Funds in the Reorganizations is in the best interests of each Fund and that such participation will not dilute the interests of the existing shareholders of

each Fund. In addition, applicants state that the Reorganizations will be on the basis of the Funds' relative net asset values.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44922; File No. SR-PCX-2001-24]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 by the Pacific Exchange, Inc. Relating to Synchronization of Member Organization Business Clocks

October 11, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and rule 19b-4 thereunder,² notice is hereby given that on June 18, 2001, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On October 9, 2001, the Exchange amended its proposal.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The PCX is proposing to adopt a new rule requiring all PCX member organizations to synchronize their business clocks. The text of the proposed rule change is as follows:

Time Synchronization

Rule 6.20(a) Each Member Organization must synchronize, within a time frame established by the Exchange, the business clocks that it uses for the purpose of recording the date and time of any event that must be recorded pursuant to the Rules of the Exchange. Member Organizations may

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Hassan Abedi, Attorney, PCX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, Commission, dated October 5, 2001 ("Amendment No. 1"). Amendment No. 1 expanded the proposed rule language to further define the three-second tolerance.

use any time provider source. Each Member Organizations must, however, ensure that the business clocks it uses on the Exchange are accurate to within a three-second[s] tolerance of the National Institute of Standards and Technology Atomic Clock in Boulder Colorado ("NIST Clock") or the United States Naval Observatory Master Clock in Washington D.C. ("USNO Master Clock"). This tolerance includes all of the following:

(1) The difference between the NIST/USNO standard and a time provider's clock;

(2) transmission delay from the source; and

(3) the amount of drift of the Member Organization's business clock. For purposes of this Rule, "business clocks" mean Member Organization proprietary system clocks. Member Organizations must set forth in their written supervisory procedures, required by PCX Rule 4.25, the manner in which synchronization of business clocks will be conducted, documented and maintain.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to ensure that all member organization business clocks, used for purposes of recording order or trade data to the Exchange, are synchronized to a single time designated by the PCX, and that member organizations adopt such procedures as may be necessary to maintain such synchronization during each trading day. The adoption of the proposed rule would also assist the PCX in fulfilling one of the undertakings contained in the order issued by the SEC relating to the PCX's regulatory responsibilities.⁴ Pursuant to the SEC

Order, the PCX agreed to undertake to design and implement an audit trail sufficient to enable the Exchange to reconstruct markets promptly, conduct efficient surveillance and enforce its rules. As part of this undertaking, the PCX must work to provide for market-wide synchronization of clocks utilized in connection with the audit trail.

The PCX believes that the reliability and usefulness of any audit trail depends on the ability of the Exchange to require that the business clocks of member organizations be appropriately synchronized. The determination of whether members have complied with various rules and standards to which they are subject, including, among others, best execution obligations, compliance with the obligation to honor firms quotes, and prohibitions on frontrunning customer orders, depends critically on establishing with reasonable confidence the time at which order information is received. Time synchronization, therefore, becomes a necessary and integral part of the PCX audit trail system.

Proposed Rule 6.20 provides that each member organization must synchronize, within a time frame to be established by the Exchange, the business clocks that it uses for the purpose of recording the date and time of any event that must be recorded pursuant to the Rules of the Exchange. Although member organizations may use any time provider source, each member organization must ensure that the business clocks it uses on the Exchange are accurate to within three seconds of the National Institute of Standards and Technology Atomic Clock in Boulder Colorado or the United States Naval Observatory Master Clock in Washington, DC.

It is important to note that the obligation to maintain the synchronization of business clocks will be ongoing. Therefore, pursuant to PCX Rule 4.25, member organizations must set forth in their written supervisory procedures the manner in which synchronization of business clocks will be conducted, documented and maintained. The PCX will carefully review member organizations' compliance with these requirements given the importance of accurate time recordation to the audit trail system.

The PCX proposes to implement the requirements of this rule in two phases. In the first phase, the proposed schedule contemplates that the requirements of the rule would apply to all orders that

are received electronically, or captured in electronic form promptly after receipt, as of January 2, 2002. In the second phase, the proposed implementation schedule would apply the requirements of the proposed rule to all other types of orders as of September 11, 2002.⁵

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5),⁷ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal, as amended, is consistent with the Act.

⁵ This date is consistent with the schedule set forth in the SEC Order for completion of PCX obligations with respect to this undertaking.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁴ See In the Matter of Certain Activities of Options Exchanges, Securities Exchange Act

Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the PCX. All submissions should refer to File No. SR-PCX-2001-24 and should be submitted by November 8, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-26199 Filed 10-17-01; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice 3818]

30-Day Notice of Proposed Information Collection: Evaluation of DOS-Sponsored Educational and Cultural Exchange Programs (Formerly USIA-Sponsored Educational and Cultural Exchange Activities; USIA Participant Survey Questionnaire #3116-0199) OMB Control #1405-0118

ACTION: Notice.

SUMMARY: The Department of State has submitted the following information collection request to the Office of Management and Budget (OMB) for approval in accordance with the Paperwork Reduction Act of 1995. Comments should be submitted to OMB within 30 days of the publication of this notice.

The following summarizes the information collection proposal submitted to OMB:

Type of Request: Extension of a currently approved collection, OMB Control #1405-0118.

Originating Office: Bureau of Educational and Cultural Affairs, Office of Policy and Evaluation (ECA/P).

Title of Information Collection: Evaluation of DOS-sponsored

Educational and Cultural Exchange Programs.

Frequency: Information is collected on a per evaluation project basis.

Form Number: N/A [Multiple survey questionnaires may be used for evaluation projects, on a one-time, per-project basis.]

Respondents: U.S. and foreign applicants, current grantee exchange visitor participants (J-1 visa) and alumni of the Bureau of Educational and Cultural Affairs' exchange programs, program administrators, domestic and foreign partner organizations, domestic and foreign hosts of exchange visitor participants, and other similar types of respondents associated with the Bureau's exchange programs.

Estimated Number of Respondents: 1,938.

Average Hours Per Response: 30 minutes.

Total Estimated Burden: 1,938 (3,877 total annual responses × 30 minutes).

Public comments are being solicited to permit the agency to:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.
- Evaluate the accuracy of the agency's estimate of the burden of the collection, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the reporting burden on those who are to respond, including through the use of automated collection techniques or other forms of technology.

FOR FURTHER ADDITIONAL INFORMATION:

Copies of the proposed information collection and supporting documents may be obtained from the U.S. Department of State, Bureau of Educational and Cultural Affairs, Office of Policy and Evaluation, 301 4th Street, SW (SA-44), Room 357, Washington, DC 20547, or by telephone at (202) 619-5307. Public comments and questions should be directed to the State Department Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), Washington, DC 20530, who may be reached on 202-395-3897.

Dated: August 15, 2001.

David Whitten,

Executive Director, Bureau of Educational and Cultural Affairs, Department of State.

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BILLING CODE 4710-05-P

DEPARTMENT OF STATE

[Public Notice 3816]

Bureau of Educational and Cultural Affairs Request for Grant Proposals: FREEDOM Support Act Undergraduate Program

SUMMARY: The Office of Academic Exchange Programs of the Bureau of Educational and Cultural Affairs announces an open competition for the FREEDOM Support Act Undergraduate Program. Public and private non-profit organizations meeting the provisions described in IRS regulations 26 CFR 1.501(c)(2)-1 through 1.501(c)(21)-2 may submit proposals to administer the placement, monitoring, evaluation, follow-on, and alumni activities for the FY 2002 FREEDOM Support Act Undergraduate Program. Proposals should include provisions for the recruitment and selection of FY 2003 participants. Organizations with less than four years of experience in conducting international exchange programs are not eligible for this competition.

Program Information

The FREEDOM Support Act Undergraduate Program (herein referred to as the FSAU Program) provides scholarships for one-year, non-degree study at U.S. institutes of higher education to outstanding students of the New Independent States (NIS). Scholarships are available in the fields of agriculture, American studies, business, computer science, economics, education, environmental management, international relations, journalism and mass communication, political science, and sociology. Scholarships are granted to students who have completed at least one year of study at an accredited university in their home countries. Students must be citizens of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine, or Uzbekistan. FSAU participants will be enrolled in one-year, non-degree programs at both four-year colleges and universities, and community colleges. Students will enhance their academic education with participation in community service and an internship. Interested organizations should read the entire **Federal Register** announcement for all information prior to preparing a proposal. Programs must comply with J-1 Visa regulations. Please refer to the Solicitation Package for further information. Awards will begin on or about May 30, 2002.

⁸ 17 CFR 200.30-3(a)(12).