

Health. It is issued under sections 4 and 8 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 653, 657).

Issued at Washington, DC, this 30th day of May, 2003.

John L. Henshaw,

Assistant Secretary of Labor.

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NUCLEAR REGULATORY COMMISSION

Agency Information Collection

Activities: Submission for the Office of Management and Budget (OMB) Review; Comment Request

AGENCY: Nuclear Regulatory Commission (NRC).

ACTION: Notice of the OMB review of information collection and solicitation of public comment.

SUMMARY: The NRC has recently submitted to OMB for review the following proposal for the collection of information under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35). The NRC hereby informs potential respondents that an agency may not conduct or sponsor, and that a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

1. *Type of submission, new, revision, or extension:* Revision.
2. *The title of the information collection:* "Reports Concerning Possible Non-Routine Emergency Generic Problems".
3. *The form number if applicable:* Not Applicable.
4. *How often the collection is required:* On occasion.
5. *Who will be required or asked to report:* Nuclear power plant, non-power reactor, and materials applicants and licensees.
6. *An estimate of the number of annual responses:* 204 (104 reactor licensees; 100 material licensees).
7. *The estimated number of annual respondents:* 204 (104 reactor licensees; 100 material licensees).
8. *An estimate of the total number of hours needed annually to complete the requirement or request:* 53,680 (43,680 for reactor licensees and 10,000 for materials licensees).
9. *An indication of whether Section 3507(d), Pub. L. 104-13 applies:* N/A.
10. *Abstract:* NRC is requesting approval authority to collect information concerning possible non-routine generic problems which would require prompt action from NRC to

preclude potential threats to public health and safety.

A copy of the final supporting statement may be viewed free of charge at the NRC Public Document Room, One White Flint North, 11555 Rockville Pike, Room O-1 F21, Rockville, MD 20852. OMB clearance requests are available at the NRC Worldwide Web site: <http://www.nrc.gov/public-involve/doc-comment/omb/index.html>. The document will be available on the NRC home page site for 60 days after the signature date of this notice.

Comments and questions should be directed to the OMB reviewer listed below by July 7, 2003. Comments received after this date will be considered if it is practical to do so, but assurance of consideration cannot be given to comments received after this date. Bryon Allen, Office of Information and Regulatory Affairs (3150-0012), NEOB-10202, Office of Management and Budget, Washington, DC 20503.

Comments can also be submitted by telephone at (202) 395-3087.

The NRC Clearance Officer is Brenda Jo Shelton, 301-415-7233.

Dated at Rockville, Maryland, this 28th day of May, 2003.

For the Nuclear Regulatory Commission.

Brenda Jo Shelton,

NRC Clearance Officer, Office of the Chief Information Officer.

[FR Doc. 03-13997 Filed 6-3-03; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 26062; 812-12380]

Vanguard Convertible Securities Fund, et al.; Notice of Application

May 29, 2003.

AGENCY: Securities and Exchange Commission ("SEC" or "Commission").

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act, as well as from certain disclosure requirements.

SUMMARY OF THE APPLICATION:

Applicants request an order to permit them to enter into and amend sub-advisory agreements without shareholder approval and to grant relief from certain disclosure requirements.

The order would supersede a prior order ("Prior Order").¹

APPLICANTS: Vanguard Convertible Securities Fund; Vanguard Explorer Fund; Vanguard Fenway Funds; Vanguard Fixed Income Securities Funds; Vanguard Horizon Funds; Vanguard Malvern Funds; Vanguard Morgan Growth Fund; Vanguard PRIMECAP Fund; Vanguard Quantitative Funds; Vanguard Specialized Funds; Vanguard Trustees' Equity Fund; Vanguard Variable Insurance Fund; Vanguard Wellesley Income Fund; Vanguard Wellington Fund; Vanguard Whitehall Funds; Vanguard Windsor Funds; Vanguard World Fund (each, a "Trust"); and The Vanguard Group, Inc. ("VGI").

FILING DATES: The application was filed on December 15, 2000 and amended on May 8, 2003.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 23, 2003, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549-0609. Applicants, c/o Sarah A. Buescher, Senior Counsel, The Vanguard Group, Inc., P.O. Box 2600, Mail Stop V26, Valley Forge, Pennsylvania 19482.

FOR FURTHER INFORMATION CONTACT: Keith A. Gregory, Senior Counsel, at (202) 942-0611 or Michael W. Mundt, Senior Special Counsel, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 5th Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

¹ The Vanguard Group, Inc., *et al.*, Investment Company Act Release Nos. 19411 (April 16, 1993) (notice) and 19471 (May 12, 1993) (order).

Applicants' Representations

1. Each Trust is registered under the Act as an open-end management investment company and is organized as a Delaware statutory trust. Each Trust is a member of The Vanguard Group ("The Vanguard Group"), a group of 33 investment companies with more than 100 series (each, a "Fund" and together, the "Funds"), each of which has its own investment objectives, policies, and restrictions.²

2. VGI is a Pennsylvania corporation that is wholly and jointly owned by the members of The Vanguard Group. VGI is a registered investment adviser under the Investment Advisers Act of 1940 ("Advisers Act") and a registered transfer agent under the Securities Exchange Act of 1934 ("Exchange Act"). VGI provides each Trust, at cost, with corporate management, administrative, transfer agency and distribution services. VGI also provides certain Funds with investment advisory services at cost.

3. VGI's Portfolio Review Group evaluates, selects and recommends investment advisers ("Selected Advisers") to the relevant boards of trustees of each Trust (each, a "Board"). Each Selected Adviser is an investment adviser as defined in section 2(a)(20) of the Act and is registered under the Advisers Act or exempt from registration. Selected Advisers are not "affiliated persons" of the applicants, as defined in section 2(a)(3) of the Act other than by virtue of serving as investment advisers to one or more Funds. Each Selected Adviser operates pursuant to a written advisory contract ("Selected Advisory Agreement") approved by the relevant Board, including a majority of the Board's trustees who are not "interested persons" of the Trust, as defined in section 2(a)(19) of the Act ("Independent Trustees"). The Portfolio Review Group monitors the compliance of each Selected Adviser with the respective Fund's investment objectives and other policies, reviews each Adviser's performance, and

recommends to the relevant Boards the allocation and reallocation of a Fund's assets among the Selected Advisers and/or VGI.

4. The Prior Order exempted applicants from section 15(a) of the Act and rule 18f-2 under the Act to permit the Funds to hire Selected Advisers and revise Selected Advisory Agreements without obtaining a shareholder vote, subject to the approval by the relevant Board and certain other conditions.³ Applicants state that recent orders providing similar relief have conditions that would permit the Board to serve shareholders more efficiently. Applicants seek to update the conditions in the Prior Order to make them similar to conditions in the recent orders. Applicants therefore request an order to supersede the Prior Order to permit VGI, subject to Board approval, to enter into and amend Selected Advisory Agreements without Fund shareholder approval.⁴ The requested relief will not extend to an investment adviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Funds or VGI, other than by reason of serving as investment adviser to one or more of the Funds (an "Affiliated Adviser"). Applicants also request an exemption from the various disclosure provisions described below that may require the Funds to disclose the fees paid to each Selected Adviser. An exemption is requested to permit the Funds to disclose (as both a dollar amount and as a percentage of a Fund's net assets): (a) Aggregate fees paid by the Fund to VGI and Affiliated Advisers; (b) aggregate fees paid by the Fund to Selected Advisers, and (c) the fees paid by the Fund to each Affiliated Adviser (collectively, the "Aggregate Fee Disclosure").

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by a vote of the company's outstanding

voting securities. Rule 18f-2 under the Act provides, in relevant part, that each series or class of stock in a series company affected by a matter must approve the matter if the Act requires shareholder approval.

2. Form N-1A is the registration statement used by open-end investment companies. Item 15(a)(3) of Form N-1A requires disclosure of the method and amount of the investment adviser's compensation.

3. Rule 20a-1 under the Act requires proxies solicited with respect to an investment company to comply with Schedule 14A under the Exchange Act. Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8), and 22(c)(9) of Schedule 14A, taken together, require a proxy statement for a shareholder meeting at which the advisory contract will be voted upon to include the "rate of compensation of the investment adviser," the "aggregate amount of the investment adviser's fees," a description of "the terms of the contract to be acted upon," and, if a change in the advisory fee is proposed, the existing and proposed fees and the difference between the two fees.

4. Form N-SAR is the semi-annual report filed with the Commission by registered investment companies. Item 48 of Form N-SAR requires investment companies to disclose the rate schedule for fees paid to their investment advisers, including the Selected Advisers.

5. Regulation S-X sets forth the requirements for financial statements that must be included in investment company registration statements and shareholder reports filed with the Commission. Sections 6-07(2)(a), (b), and (c) of Regulation S-X require that investment companies include in their financial statements information about investment advisory fees.

6. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction or any class or classes of persons, securities, or transactions from any provision of the Act, or from any rule thereunder, if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants believe that their requested relief meets this standard for the reasons discussed below.

7. Applicants assert that shareholders are relying on VGI's experience to select and monitor the Selected Advisers best suited to achieve a Fund's investment objectives. Applicants contend that from the perspective of the investor, the role of the Selected Advisers is comparable to that of individual portfolio managers

² Applicants also request relief with respect to any other registered open-end management investment company or series thereof that (a) is organized or advised currently or in the future by VGI or any entity controlling, controlled by, or under common control (within the meaning of section 2(a)(9) of the Act) with VGI; (b) operates in substantially the same manner described in the application; and (c) complies with the terms and conditions in the application ("Future Funds," and together with the Funds, the "Funds"). Any Fund that currently intends to rely on the requested order is named as an applicant. If the name of a Fund contains the name of a Selected Adviser, the name of the Selected Adviser will be preceded by the word "Vanguard."

³ The term "shareholder" includes variable life insurance policy and variable annuity contract owners that are unitholders of any separate account for which the Fund serves as a funding medium.

⁴ As described in the application, the requested order would revise the conditions in the Prior Order to make them more consistent with conditions in recent similar orders granted by the Commission and would also make certain other modifications to the conditions related to disclosure relief based upon the applicants' unique management structure. For Funds that were relying on the Prior Order, applicants will provide a notification to shareholders that describes the principal differences between the Prior Order and the requested order.

employed by investment advisory firms. Applicants state that requiring shareholder approval of the Selected Advisory Agreements would impose unnecessary costs and delays on the Funds, and may preclude the Board from acting in a prompt manner. Applicants note that investment advisory agreements with Affiliated Advisers would remain subject to section 15(a) of the Act and rule 18f-2 thereunder.

8. Applicants assert that many Selected Advisers charge their customers for advisory services according to a "posted" fee schedule. Applicants state that while Selected Advisers are willing to negotiate fees lower than those posted in the schedule, particularly with large institutional clients, they are reluctant to do so when the fees are disclosed to other prospective and existing customers. Applicants submit that the relief will encourage Selected Advisers to accept lower advisory fees from the Funds, resulting in a direct benefit to Fund shareholders.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Unless a Fund's shareholders have previously approved the Fund's use of a multi-manager arrangement pursuant to the Prior Order, before a Fund may rely on the requested order, the operation of the Fund in the manner described in the application will be approved by a majority of the Fund's outstanding voting securities (or, if the Fund serves as a funding medium for any sub-account of a registered separate account, pursuant to voting instructions provided by the unitholders of the sub-account), as defined in the Act, or in the case of a Fund whose public shareholders (or, if the Fund serves as a funding medium for any sub-account of a registered separate account, the unitholders of the sub-account) purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 3 below, by the initial shareholders(s) (or, if the Fund serves as a funding medium for any sub-account of a registered separate account, by the initial unitholder of the sub-account) before the shares of the Fund are offered to the public.

2. Each Fund will operate as a member of The Vanguard Group of Investment Companies with "internalized" corporate management and distribution services provided on an "at cost" basis.

3. Each Fund will disclose in its prospectus the existence, substance, and

effect of any order granted pursuant to the application. In addition, each Fund will hold itself out to the public as employing the management structure described in the application. Each Fund's prospectus will prominently disclose that VGI has the ultimate responsibility (subject to oversight by the Board) to oversee the Selected Advisers and recommend their hiring, termination, and replacement.

4. Within 90 days of the hiring of any new Selected Adviser for any fund, VGI will furnish to the applicable Fund's shareholders (or if the Fund serves as a funding medium for any sub-account of a registered separate account, the unitholders of the sub-account) all information about the new Selected Adviser that would be included in a proxy statement, except as modified by the order to permit Aggregate Fee Disclosure. This information will include Aggregate Fee Disclosure and any change in such disclosure caused by the addition of a new Selected Adviser. To meet this obligation, VGI will provide shareholders (or if the Fund serves as a funding medium for any sub-account of a registered separate account, the unitholders of the sub-account) of the applicable Fund an information statement meeting the requirements of Regulation 14C, Schedule 14C, and Item 22 of Schedule 14A under the Exchange Act, except as modified by the order to permit Aggregate Fee Disclosure.

5. A Fund will not enter into an advisory agreement with any Affiliated Adviser without that agreement, including the compensation to be paid thereunder, being approved by the Fund's shareholders (or if the Fund serves as a funding medium for any sub-account of a registered separate account, pursuant to voting instructions provided by the unitholders of the sub-account).

6. At all times, a majority each Fund's Board will be Independent Trustees, subject to the suspension of this requirement for the death, disqualification or bona fide resignation of trustees as provided in rule 10e-1 under the Act, and the nomination of new or additional Independent Trustees will be at the discretion of the then-existing Independent Trustees.

7. When a change in a Selected Adviser is proposed for a Fund with an Affiliated Adviser, the Fund's Board, including a majority of the Board's Independent Trustees, will make a separate finding, reflected in the affected Fund's Board minutes, that the change is in the best interests of the Fund and its shareholders (or if the Fund serves as a funding medium for any sub-account of a registered separate account, the best interests of the Fund

and unitholders of any such sub-account), and does not involve a conflict of interest from which VGI or the Affiliated Adviser derives an inappropriate advantage.

8. VGI will provide general management services to the Funds, including overall supervisory responsibility for the general management and investment of each Fund, and, subject to review and approval by each Board, will: (a) Set the Funds' overall investment strategies; (b) evaluate, select and recommend Selected Advisers to manage all or part of a Fund's assets; (c) monitor and evaluate the performance of Selected Advisers; (d) implement procedures reasonably designed to ensure that the Selected Advisers comply with the Funds' investment objectives, policies and restriction; and (e) allocate and, when appropriate, reallocate a Fund's assets among Selected Advisers.

9. No trustee or officer of a Trust, or director or officer of VGI will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by that trustee, director, or officer), any interest in a Selected Adviser or Affiliated Adviser, except for: (a) Ownership of interests in VGI or any entity that controls, is controlled by, or is under common control with VGI; or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly-traded company that is either a Selected Adviser or Affiliated Adviser or an entity that controls, is controlled by, or is under common control with a Selected Adviser or Affiliated Adviser.

10. Each Fund will disclose in its registration statement the Aggregate Fee Disclosure.

11. Any person who acts as legal counsel for the Board's Independent Trustees must be independent legal counsel as defined in rule 0-1(a)(6) under the Act.

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

Margaret H. McFarland,

Deputy Secretary.

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