

Office of Personnel Management.

Linda M. Springer,

Director.

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**OFFICE OF PERSONNEL
MANAGEMENT**

**Federal Employees' Retirement
System; Normal Cost Percentages**

AGENCY: Office of Personnel Management.

ACTION: Notice.

SUMMARY: The Office of Personnel Management (OPM) is providing notice of revised normal cost percentages for employees covered by the Federal Employees' Retirement System (FERS) Act of 1986.

DATES: The revised normal cost percentages are effective at the beginning of the first pay period commencing on or after October 1, 2007. Agency appeals of the normal cost percentages must be filed no later than December 7, 2007.

ADDRESSES: Send or deliver agency appeals of the normal cost percentages and requests for actuarial assumptions and data to the Board of Actuaries, care of Gregory Kissel, Manager, Office of Actuaries, Strategic Human Resources Policy Division, Office of Personnel Management, Room 4307, 1900 E Street, NW., Washington, DC 20415.

FOR FURTHER INFORMATION CONTACT: Jessica Johnson, (202) 606-0299.

SUPPLEMENTARY INFORMATION: The FERS Act of 1986, Public Law 99-335, created a new retirement system intended to cover most Federal employees hired after 1983. Most Federal employees hired before 1984 are under the older Civil Service Retirement System (CSRS). Section 8423 of title 5, United States Code, as added by the FERS Act of 1986, provides for the payment of the Government's share of the cost of the retirement system under FERS. Employees' contributions are established by law and constitute only a small fraction of the cost of funding the retirement system; employing agencies are required to pay the remaining costs. The amount of funding required, known as "normal cost," is the entry age normal cost of the provisions of FERS that relate to the Civil Service Retirement and Disability Fund (Fund). The normal cost must be computed by OPM in accordance with generally accepted actuarial practices and standards (using dynamic assumptions). Subpart D of part 841 of title 5, Code of

Federal Regulations, regulates how normal costs are determined.

Recently, the Board of Actuaries of the Civil Service Retirement System approved a revised set of economic assumptions for use in the dynamic actuarial valuations of FERS. These assumptions were adopted after the Board reviewed statistical data prepared by the OPM actuaries and considered trends that may affect future experience under the System.

Based on its analysis, the Board concluded that it would be appropriate to assume a rate of investment return of 6.25 percent, with no difference from the current rate of 6.25 percent. The Board increased the anticipated inflation rate from 3.25 percent to 3.50 percent, and increased the projected rate of General Schedule salary increases from 4.00 percent to 4.25 percent. These salary increases are in addition to assumed within-grade increases that reflect past experience.

The new assumptions anticipate that, over the long term, the annual rate of investment return will exceed inflation by 2.75 percent and General Schedule salary increases will exceed inflation by .75 percent a year, as compared to 3 percent and .75 percent, respectively, under the previous assumptions. In addition, the Board found changes in all the demographic assumptions listed as factors under § 841.404(a) of title 5, Code of Federal Regulations.

The normal cost calculations depend on both the economic and demographic assumptions. The demographic assumptions are determined separately for each of a number of special groups, in cases where separate experience data is available. Based on the new economic assumptions and the change in the demographic assumption, OPM has determined the normal cost percentage for each category of employees under § 841.403 of title 5, Code of Federal Regulations. The Governmentwide normal cost percentages, including the employee contributions, are as follows:

	Percent
Members	18.6
Congressional employees	17.1
Law enforcement officers, members of the Supreme Court Police, firefighters, nuclear materials couriers and employees under section 302 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees	26.2
Air traffic controllers	25.8
Military reserve technicians	14.8

	Percent
Employees under section 303 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (when serving abroad)	17.0
All other employees	12.0

Under section 841.408 of title 5, Code of Federal Regulations, these normal cost percentages are effective at the beginning of the first pay period commencing on or after October 1, 2007.

The time limit and address for filing agency appeals under sections 841.409 through 841.412 of title 5, Code of Federal Regulations, are stated in the **DATES** and **ADDRESSES** sections of this notice.

Office of Personnel Management.

Linda M. Springer,

Director.

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**SECURITIES AND EXCHANGE
COMMISSION**

[Investment Company Act Release No. 27843; 813-306]

**Stephens Inc., et al.; Notice of
Application**

May 29, 2007.

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

ACTION: Notice of an application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1940 (the "Act") granting an exemption from all provisions of the Act, except section 9 and sections 36 through 53, and the rules and regulations under the Act. With respect to sections 17 and 30 of the Act, and the rules and regulations thereunder, and rule 38a-1 under the Act, the exemption is limited as set forth in the application.

SUMMARY OF APPLICATION: Applicants request an order to exempt certain limited liability companies and other entities ("Companies") formed for the benefit of key employees of Stephens Inc. ("Stephens") and its affiliates from certain provisions of the Act. Each Company will be an "employees' securities company" within the meaning of section 2(a)(13) of the Act.

APPLICANTS: Stephens; Stephens Investment Partners 2001 LLC, Stephens Investment Partners 2001A LLC, Stephens Investment Partners 2001B LLC, Stephens Investment Partners 2001C LLC, Stephens Investment Partners 2003 LLC, Stephens Investment

Partners 2003A LLC, Stephens Investment Partners 2003B LLC, Stephens Investment Partners 2004 LLC, Stephens Investment Partners 2004A LLC, Stephens Investment Partners 2004B LLC, Stephens Investment Partners 2006 LLC, Stephens Investment Partners 2006A LLC, and Stephens Investment Partners 2006B LLC (collectively, the "Initial Companies").

FILING DATES: The application was filed on October 4, 2000, and amended on February 22, 2007 and April 27, 2007. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on June 25, 2007, and should be accompanied by proof of service on applicants, 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 who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090; Applicants, 111 Center Street, Suite 2300, Little Rock, AR 72201.

FOR FURTHER INFORMATION CONTACT: Jean E. Minarick, Senior Counsel, at (202) 551-6811 or Mary Kay Frech, Branch Chief, at (202) 551-6821 (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 Commission's Public Reference Branch, 100 F Street, NE., Washington, DC 20549-0102 (telephone (202) 551-5850).

Applicants' Representations

1. Stephens is an investment banking firm organized under the laws of the State of Arkansas. Stephens is a wholly owned subsidiary of SI Holdings Inc., a holding company for a limited number of financial and insurance related companies. Stephens engages in municipal underwriting, mergers and acquisitions, corporate underwriting, private placements, trading, discretionary portfolio management,

and offers a full range of investment banking services. Stephens is a broker-dealer registered under the Securities Exchange Act of 1934 (the "Exchange Act") and an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"). Stephens and its "affiliates," as defined in rule 12b-2 under the Exchange Act, are referred to collectively as the "Stephens Group" and each entity within the Stephens Group is referred to individually as a "Stephens Group Entity."

2. Stephens has established the Initial Companies as limited liability companies organized under the laws of the state of Arkansas and may in the future establish additional pooled investment vehicles identical in all material respects to the Initial Companies (other than investment objectives and strategies and form of organization) (the "Subsequent Companies" and collectively with the Initial Companies, the "Companies") for the benefit of current or former key employees, officers, directors and consultants of the Stephens Group and certain entities and individuals affiliated with employees of the Stephens Group ("Members"). The Companies are designed primarily to create capital building opportunities that are competitive with those at other investment banking firms for the Members and to facilitate the recruitment and retention of high caliber professionals.

3. Each Company will operate as a closed-end, management investment company and may be diversified or non-diversified. The Initial Companies are organized in a "master-feeder" structure, in which several feeder Companies invest all of their assets in a master Company ("Master Company") that invests directly or indirectly in portfolio companies. Each Company, including the Master Company, will be an "employees' securities company" within the meaning of section 2(a)(13) of the Act. The investment objectives and policies for each Company may vary from Company to Company. Participation in the Companies is voluntary, except with respect to Plan Interest Holders (as defined below) who will receive an award of interests in the Companies on an involuntary basis (as described below).

4. The Initial Companies are managed by a committee of ten managers (collectively, the "Managers"). Each Manager is a senior executive of Stephens and an Accredited Investor (as defined below) who is eligible to invest in a Company. It is currently anticipated that Subsequent Companies will be

managed by the Managers, however, Stephens may in the future organize one or more Stephens Group Entities to serve as the Manager of one or more Subsequent Companies. The Managers will register as investment advisers under the Advisers Act, if required under applicable law.

5. Interests in the Companies ("Interests") will be offered without registration in reliance on section 4(2) of the Securities Act of 1933 (the "Securities Act") or Regulation D under the Securities Act, and will be offered and sold only to (a) certain officers, directors, employees and "Consultants"¹ of the Stephens Group who meet the standards set forth below ("Stephens Employees"), and (b) trusts or other investment vehicles of which the trustees or grantors are Stephens Employees or Stephens Employees together with their Qualified Family Members (as defined below), trusts or other investment vehicles established solely for the benefit of Stephens Employees or their Qualified Family Members, or partnerships, corporations or other entities all of the voting power of which is controlled by Stephens Employees ("Qualified Investment Vehicles" and collectively with Stephens Employees, "Eligible Investors"). Qualified Family Members include any parent, child, spouse of a child, spouse, brother, sister or grandchild, and includes any step and adoptive relationships. Each Eligible Investor must have, in the reasonable belief of the Managers, the knowledge, sophistication and experience in business and financial matters to be capable of evaluating the merits and risks of investing in a Company and be able to bear the economic risk of such investment, and be able to afford a complete loss of the investment. In the future, Stephens Group Entities may invest in a Company and Interests in a Company may be offered and sold to Qualified Family Members.

6. To be a Stephens Employee, an individual must (a) meet the standards of an accredited investor under rule 501(a)(5) or 501(a)(6) of Regulation D under the Securities Act (an "Accredited Investor") or (b) be one of 35 Stephens Employees who (i) is a Managing Employee (as defined below) or (ii) has a minimum of three years business experience in management, consulting, accounting, finance, law or

¹ A "Consultant" is a person or entity whom a Stephens Group Entity has engaged on retainer to provide services and professional expertise on an ongoing basis as a regular consultant or as a business or legal adviser and who shares a community of interest with the Stephens Group and its employees.

investment banking; will have a reportable income from all sources (including any profit share or bonus) in the calendar year immediately preceding his or her admission as a Member of at least \$100,000 and a reasonable expectation of reportable income of at least \$100,000 in each year in which he or she invests in a Company; and has a graduate degree in business, law, finance or accounting ("Sophisticated Employee"); except that a Managing Employee who is an Accredited Investor is not counted toward the 35 employee limit referred to in (b) above. A Managing Employee is an employee of Stephens Group who meets the definition of "knowledgeable employee" in rule 3c-5(a)(4) under the Act (with the Company treated as though it were a "Covered Company" for purposes of the rule). Each Sophisticated Employee will not be permitted to invest in any year more than 10% of such person's income from all sources for the immediately preceding year in the aggregate in a Company and in all other Companies in which he or she has previously invested.

7. To be a Stephens Employee, an entity must (a) be a current or former Consultant of a Stephens Group Entity and (b) meet the standards of an accredited investor under rule 501(a) of Regulation D. To be a Qualified Family Member, a person must be an Accredited Investor. A Stephens Employee or a Qualified Family Member may purchase an Interest through a Qualified Investment Vehicle only if either (a) the Qualified Investment Vehicle is an accredited investor, or (b) the Qualified Investment Vehicle, which is not an accredited investor, (i) has a Stephens Employee or Qualified Family Member as the settlor² and principal investment decision-maker, and (ii) is counted toward the limit on the 35 non-accredited investors that may invest in a Company.

8. Certain employees of the Stephens Group who do not qualify as Eligible Investors may receive Interests from Stephens without payment as part of an employee benefit plan in order to reward and retain these employees ("Plan Interest Holders"). Interests awarded to Plan Interest Holders will not be registered under the Securities Act and, because these employees will not be investing their own funds and will not have discretion over whether or not they receive Interests, these

employees will not meet the sophistication and salary requirements to which Eligible Investors are subject. Plan Interest Holders will receive Interests at no cost and will neither make, nor be permitted to make, any financial contribution in order to acquire Interests. Plan Interest Holders will not be permitted to elect to receive an equivalent cash payment or other compensation in lieu of Interests. Plan Interest Holders will have no control or input as to whether they are awarded Interests, and the Interests given to Plan Interest Holders will not replace any part of, or reduce in any manner, the compensation of, or other benefits provided to, the Plan Interest Holders.

9. The investment objectives and strategies for each Company will be set forth in offering documents relating to the Interests offered by the Company. Prior to being invited to participate in a Company or receiving an Interest in a Company, each Eligible Investor or Plan Interest Holder will receive a copy of the offering documents and the operating agreement (or other organizational document) of the Company or an offering memorandum, which will set forth all the terms of participation in the Company. The Managers will send an annual report to each Member not later than 120 days after the close of the fiscal year, which will contain financial statements of the Company that have been audited by independent accountants. In addition, the Members will receive at least annually all information necessary to enable the Members to prepare their federal and state income tax returns.

10. Interests in the Companies will be non-transferable by a Member except with the express consent of the Managers or to the Eligible Investor's estate in the event of his or her death. No person will be admitted as a Member of a Company unless the person is an Eligible Investor, a Plan Interest Holder, a Stephens Group Entity, a Qualified Family Member, or a Qualified Investment Vehicle, except that a legal representative may hold an Interest in order to settle the estate of a deceased Member or administer its property. No fee of any kind will be charged in connection with the sale of Interests.

11. A Member's Interests in a Company may be subject to a vesting schedule that will provide that such Interests will initially be unvested or only partially vested and will vest over time at specified percentages and specified intervals as set out in the Company's operating agreement or other constitutive document. A Member's Interests in a Company will be subject to repurchase or cancellation if: (a) The

Member's employment relationship with the Stephens Group is terminated for cause, (b) the Member becomes a consultant to or joins any firm that the Managers determine, in their reasonable discretion, is competitive with any business of the Stephens Group, or (c) the Member voluntarily resigns from employment with the Stephens Group. Upon the occurrence of one of the events specified above, the relevant Company or a Stephens Group Entity will have the right to repurchase all of the terminating Member's Interests in exchange for a payment equal to the amount actually paid by the Member to acquire the Interests less the fair market value of any distributions received by that Member from the Fund, plus interest. This repurchase right also applies upon any attempted transfer of Interests (whether vested or not) in violation of the transfer restrictions. Following termination where the Company's repurchase option does not apply, the terminating Member (or, following the death of the Member, the Member's estate or beneficiary) has the right to continue to hold the Interests purchased or awarded prior to termination and to receive distributions on the same terms as other Interest holders in the relevant Companies.

12. Certain of the Companies may leverage their investments through loans from a Stephens Group Entity. Each such Company loan will be made at an interest rate no less favorable than that which could be obtained on an arm's length basis. The Companies will not borrow from any person if the borrowing would cause any person not named in section 2(a)(13) of the Act to own outstanding securities of the Company (other than short-term paper). Any Company loan made to a Company will be non-recourse to the Members.

13. A Company will not acquire any security issued by a registered investment company if immediately after the acquisition, the Company would own more than 3% of the outstanding voting stock of the registered investment company.

14. The Managers may charge the Companies an administrative fee or a management fee, including a performance fee.³ The Managers may receive reimbursement of their out-of-pocket expenses, including

³ Any performance fee payable by a Company to the Managers may be charged only to the extent permitted by rule 205-3 under the Advisers Act (in the case of Managers registered under the Advisers Act) or will comply with section 205(b)(3) of the Advisers Act (in the case of Managers exempt from registration under the Advisers Act), with the Company treated as a business development company solely for the purpose of that section.

² If a Qualified Investment Vehicle is an entity other than a trust, the reference to "settler" shall be construed to mean a person who created the vehicle, alone or together with others, and who contributed funds to the vehicle.

reimbursement for the allocable portion of the salaries of the Stephens Group employees who participate in any of the Companies' affairs.

Applicants' Legal Analysis

1. Section 6(b) of the Act provides, in part, that the Commission will exempt employees' securities companies from the provisions of the Act to the extent that the exemption is consistent with the protection of investors. Section 6(b) provides that the Commission will consider, in determining the provisions of the Act from which the company should be exempt, the company's form of organization and capital structure, the persons owning and controlling its securities, the price of the company's securities and the amount of any sales load, how the company's funds are invested, and the relationship between the company and the issuers of the securities in which it invests. Section 2(a)(13) defines an employees' securities company as any investment company all of whose securities (other than short-term paper) are beneficially owned (a) by current or former employees, or persons on retainer, of one or more affiliated employers, (b) by immediate family members of such persons, or (c) by such employer or employers together with any of the persons in (a) or (b).

2. Section 7 of the Act generally prohibits investment companies that are not registered under section 8 of the Act from selling or redeeming their securities. Section 6(e) provides that, in connection with any order exempting an investment company from any provision of section 7, certain provisions of the Act, as specified by the Commission, will be applicable to the company and other persons dealing with the company as though the company were registered under the Act. Applicants request an order under sections 6(b) and 6(e) of the Act exempting the Companies from all provisions of the Act, except section 9 and sections 36 through 53 of the Act, and the rules and regulations under the Act. With respect to sections 17 and 30 of the Act, and the rules and regulations thereunder, and rule 38a-1 under the Act, the exemption is limited as set forth in the application.

3. Section 17(a) generally prohibits any affiliated person of a registered investment company, or any affiliated person of an affiliated person, acting as principal, from knowingly selling or purchasing any security or other property to or from the company. Applicants request an exemption from section 17(a) to permit: (a) A Stephens Group Entity, or an affiliated person of a Stephens Group Entity ("Stephens Affiliate"), acting as principal, to engage

in any transaction directly or indirectly with any Company or any entity controlled by the Company; (b) a Company to invest in or engage in any transaction with any entity, acting as principal (i) in which the Company, any company controlled by the Company or any entity in which a Stephens Group Entity has invested or will invest or (ii) with which the Company, any company controlled by the Company, or a Stephens Group Entity is or will otherwise become affiliated; (c) a partner or other investor in any entity in which a Company invests, acting as principal, to engage in transactions directly or indirectly with a Company or any company controlled by a Company; or (d) a sale by a Company as a selling security holder in a public offering in which a Stephens Group Entity or a Stephens Affiliate acts as a member of the selling group.

4. Applicants state that an exemption from section 17(a) is consistent with the protection of investors and the purposes of the Act. Applicants state that the Members in each Company will be informed of the possible extent of the Company's dealings with Stephens Group Entities and of the potential conflicts of interest that may exist. Applicants also state that, as professionals engaged in the investment banking business, the Members will be able to understand and evaluate the attendant risks. Applicants assert that the community of interest among the Members and Stephens will serve to reduce any risk of abuse in transactions involving a Company and a Stephens Group Entity.

5. Section 17(d) of the Act and rule 17d-1 under the Act prohibit any affiliated person or principal underwriter of a registered investment company, or any affiliated person of an affiliated person or principal underwriter, acting as principal, from participating in any joint arrangement unless authorized by the Commission. Applicants request relief to permit affiliated persons of each Company, or affiliated persons of such persons, to participate in any joint arrangement in which the Company or an entity controlled by the Company is a participant.

6. Applicants submit that it is likely that suitable investments will be brought to the attention of a Company because of its affiliation with the Stephens Group and Stephen Group's experience in investment and merchant banking. Applicants also submit that the types of investment opportunities considered by a Company often require each investor to make funds available in an amount that may be substantially

greater than what a Company may make available on its own. Applicants contend that, as a result, the only way in which a Company may be able to participate in these opportunities may be to co-invest with other persons, including its affiliates. Applicants note that each Company will be primarily organized for the benefit of Members as an incentive for them to remain with the Stephens Group and for the generation and maintenance of goodwill. Applicants believe that, if co-investments with the Stephens Group Entities are prohibited, the appeal of the Companies would be substantially eliminated.

7. Applicants state that the possibility that permitting co-investments by a Stephens Group Entity and a Company might lead to less advantageous treatment of the Company is mitigated by (a) the community of interest between the Stephens Group and the Members in the Company and (b) the fact that officers and directors of Stephens Group Entities will be investing in the Company. In addition, applicants assert that compliance with section 17(d) could cause a Company to forego attractive investment opportunities simply because an affiliated person of the Company has made, or may make, the same investment.

8. Section 17(e) of the Act and rule 17e-1 under the Act limit the compensation an affiliated person may receive when acting as agent or broker for a registered investment company. Applicants request an exemption from section 17(e) to permit a Stephens Group Entity, acting as agent or broker, to receive placement fees, advisory fees, or other compensation from a Company in connection with the purchase or sale by a Company of securities, subject to the requirement that the fees or other compensation must be deemed "usual and customary." Applicants state that for the purposes of the application, fees or other compensation that is charged or received by a Stephens Group Entity will be deemed "usual and customary" only if (a) the Company is purchasing or selling securities alongside other unaffiliated third parties who also are similarly purchasing or selling securities, (b) the fees or compensation being charged to the Company are also being charged to the unaffiliated third parties, and (c) the amount of securities being purchased or sold by the Company does not exceed 50% of the total amount of securities being purchased or sold by the Company and the unaffiliated third parties. Applicants assert that, because the Stephens Group does not wish it to appear as if it is

favoring the Companies, compliance with section 17(e) would prevent a Company from participating in a transaction where the Company is being charged lower fees than the unaffiliated third parties. Applicants assert that the fees or other compensation paid by a Company to a Stephens Group Entity will be the same as those negotiated at arm's length with unaffiliated third parties.

9. Rule 17e-1(b) requires that a majority of directors who are not "interested persons" (as defined by section 2(a)(19) of the Act) take actions and make approvals regarding commissions, fees, or other remuneration. Rule 17e-1(c) requires each Company to comply with the fund governance standards defined in rule 0-1(a)(7). Applicants request an exemption from rule 17e-1(b) to the extent necessary to permit each Company to comply with the rule without having a majority of the Managers of the Company who are not interested persons take actions and make determinations as set forth in the rule. Applicants state that because the Managers of a Company will be deemed interested persons of the Company, without the relief requested, a Company could not comply with rule 17e-1(b). Applicants state that each Company will comply with rule 17e-1(b) by having a majority of the Managers take actions and make approvals as set forth in rule 17e-1. Applicants also request an exemption from rule 17e-1(c). Applicants state that each Company will otherwise comply with the requirements of rule 17e-1.

10. Section 17(f) designates the entities that may act as investment company custodians, and rule 17f-1 imposes certain requirements when the custodian is a member of a national securities exchange. Applicants request an exemption from section 17(f) and rule 17f-1(a) to permit Stephens to act as custodian of a Company's assets without a written contract. Applicants also request an exemption from the rule 17f-1(b)(4) requirement that an independent accountant periodically verify the assets held by the custodian. Applicants further request an exemption from rule 17f-1(c)'s requirement of transmitting to the Commission a copy of any contract executed pursuant to rule 17f-1. Applicants believe that, because of the community of interest between the Stephens Group and the Companies and the existing requirement for an independent audit, compliance with these requirements would be unnecessary. Applicants state that they will comply with rule 17f-1(d), provided that ratification by the

Managers of any Company will be deemed to be ratification by a majority of the board of directors of that Company. Applicants state that each Company will comply with all other requirements of rule 17f-1.

11. Section 17(g) and rule 17g-1 generally require the bonding of officers and employees of a registered investment company who have access to its securities or funds. Rule 17g-1 requires that a majority of directors who are not interested persons take certain actions and give certain approvals relating to fidelity bonding. Paragraph (g) of rule 17g-1 sets forth certain materials relating to the fidelity bond that must be filed with the Commission and certain notices relating to the fidelity bond that must be given to each member of the investment company's board of directors. Paragraph (h) of rule 17g-1 provides that an investment company must designate one of its officers to make the filings and give the notices required by paragraph (g). Paragraph (j) of rule 17g-1 exempts a joint insured bond provided and maintained by an investment company and one or more other parties from section 17(d) of the Act and the rules thereunder. Rule 17g-1(j)(3) requires that the board of directors of an investment company satisfy the fund governance standards defined in rule 0-1(a)(7). Applicants request an exemption from section 17(g) and rule 17g-1 to the extent necessary to permit each Company to comply with rule 17g-1 without the necessity of having a majority of the disinterested directors take such action and make the determinations set forth in the rule. Specifically, each Company will comply with rule 17g-1 by having the Managers take such actions and make such approvals as are set forth in rule 17g-1. Applicants state that, because the Managers will be interested persons of each Company, a Company could not comply with rule 17g-1 without the requested relief. Applicants also request an exemption from the requirements of rule 17g-1(g) and (h) relating to the filing of copies of fidelity bonds and related information with the Commission and provision of notices to the board of directors and from the requirements of rule 17g-1(j)(3). Applicants believe the filing requirements are burdensome and unnecessary as applied to the Companies. The Managers will maintain the materials otherwise required to be filed with the Commission by rule 17g-1(g) and agree that all such material will be subject to examination by the Commission and its staff. The Managers

will designate a person to maintain the records otherwise required to be filed with the Commission under paragraph (g) of the rule. Applicants also state that the notices otherwise required to be given to the board of directors would be unnecessary as the Companies will not have boards of directors. The Companies will comply with all other requirements of rule 17g-1.

12. Section 17(j) and paragraph (b) of rule 17j-1 make it unlawful for certain enumerated persons to engage in fraudulent or deceptive practices in connection with the purchase or sale of a security held or to be acquired by a registered investment company. Rule 17j-1 also requires that every registered investment company adopt a written code of ethics and that every access person of a registered investment company report personal securities transactions. Applicants request an exemption from the provisions of rule 17j-1, except for the anti-fraud provisions of paragraph (b), because they are unnecessarily burdensome as applied to the Companies.

13. Applicants request an exemption from the requirements in sections 30(a), 30(b) and 30(e), and the rules under those sections, that registered investment companies prepare and file with the Commission and mail to their shareholders certain periodic reports and financial statements. Applicants contend that the forms prescribed by the Commission for periodic reports have little relevance to the Companies and would entail administrative and legal costs that outweigh any benefit to the Members. Applicants request exemptive relief to the extent necessary to permit each Company to report annually to its Members. Applicants also request also an exemption from section 30(h) to the extent necessary to exempt the Managers of each Company and any other person who may be deemed to be a member of an advisory board of a Company from filing Forms 3, 4, and 5 under section 16(a) of the Exchange Act with respect to their ownership of Interests in a Company. Applicants assert that, because there will be no trading market and the transfers of Interests will be severely restricted, these filings are unnecessary for the protection of investors and burdensome to those required to make them.

14. Rule 38a-1 requires investment companies to adopt, implement and periodically review written policies and procedures reasonably designed to prevent violation of the federal securities laws and to appoint a chief compliance officer. Each Company will comply with rule 38a-1(a), (c) and (d), except that (a) because the Companies

do not have boards of directors, the Managers of each Company will fulfill the responsibilities assigned to a Company's board of directors under the rule, and (b) because all Managers would be considered interested persons of the Companies, approval by a majority of disinterested directors required by rule 38a-1 will not be obtained.

Applicants' Conditions

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

1. Each proposed transaction involving a Company otherwise prohibited by section 17(a) or section 17(d) of the Act and rule 17d-1 thereunder (each, a "Section 17 Transaction") will be effected only if the Managers determine that:

(a) The terms of the Section 17 Transaction, including the consideration to be paid or received, are fair and reasonable to the Members and do not involve overreaching of the Company or its Members on the part of any person concerned; and

(b) the Section 17 Transaction is consistent with the interests of the Members, the Company's organizational documents and the Company's reports to its Members.

In addition, the Managers will record and preserve a description of all Section 17 Transactions, their findings, the information or materials upon which their findings are based, and the basis therefor. All such records will be maintained for the life of the Companies and at least six years thereafter, and will be subject to examination by the Commission and its staff. Each Company will preserve the accounts, books, and other documents required to be maintained in an easily accessible place for the first two years.

2. In connection with the Section 17 Transactions, the Managers will adopt, and periodically review and update, procedures designed to ensure that reasonable inquiry is made, before the consummation of any such transaction, with respect to the possible involvement in the transaction of any affiliated person or promoter of or principal underwriter for the Companies, or any affiliated person of an affiliated person, promoter, or principal underwriter.

3. The Managers of each Company will not invest the funds of any Company in any investment in which an Affiliated Co-Investor (as defined below) has acquired or proposes to acquire the same class of securities of the same issuer, where the investment involves a joint enterprise or other joint arrangement within the meaning of rule

17d-1 in which the Company and an Affiliated Co-Investor are participants, unless any such Affiliated Co-Investor, prior to disposing of all or part of its investment, (a) gives the Managers sufficient, but not less than one day's, notice of its intent to dispose of its investment and (b) refrains from disposing of its investment unless the Company has the opportunity to dispose of the Company's investment prior to or concurrently with, on the same terms as, and pro rata with the Affiliated Co-Investor. The term "Affiliated Co-Investor" with respect to a Company means: (a) An "affiliated person," as such term is defined in the Act, of the Company; (b) the Stephens Group; (c) an officer, director or employee of the Stephens Group; (d) an investment vehicle offered, sponsored or managed by the Stephens Group, or (e) an entity in which a member of the Stephens Group acts as a general partner or has a similar capacity to control the sale or other disposition of the entity's securities. The restrictions contained in this condition, however, will not be deemed to limit or prevent the disposition of an investment by an Affiliated Co-Investor: (a) To its direct or indirect wholly-owned subsidiary, to any company (a "Parent") of which the Affiliated Co-Investor is a direct or indirect wholly-owned subsidiary, or to a direct or indirect wholly-owned subsidiary of its Parent; (b) to Immediate Family Members of the Affiliated Co-Investor or a trust established for any Affiliated Co-Investor or any such family member; or (c) when the investment is comprised of securities that are (i) listed on any national securities exchange registered under section 6 of the Exchange Act; (ii) national market system securities pursuant to section 11A(a)(2) of the Exchange Act and rule 11Aa2-1 thereunder; or (iii) government securities as defined in section 2(a)(16) of the Act.

4. Each Company and its Managers will maintain and preserve, for the life of each Company and at least six years thereafter, all accounts, books, and other documents as constitute the record forming the basis for the audited financial statements that are to be provided to the Members, and each annual report of such Company required to be sent to the Members, and agree that all such records will be subject to examination by the Commission and its staff.⁴

⁴ Each Company will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

5. The Managers will send to each Member who had an Interest in the Company, at any time during the fiscal year then ended, Company financial statements that have been audited by that Company's independent accountants. At the end of each fiscal year, the Managers will make a valuation or have a valuation made of all of the assets of the Company as of such fiscal year end in a manner consistent with customary practice with respect to the valuation of assets of the kind held by the Company. In addition, within 120 days after the end of each fiscal year of the Company or as soon as practicable thereafter, the Managers of the Company shall send a report to each person who was a Member at any time during the fiscal year then ended setting forth tax information necessary for the preparation by the Member of his or her federal and state income tax returns and a report of the investment activities of the Company during that year.

6. Whenever a Company makes a purchase from or sale to an entity that is affiliated with the Company by reason of a Stephens Group director, officer, or employee (a) serving as an officer, director, general partner or investment adviser of the entity or (b) having a 5% or more investment in the entity, that individual will not participate in the determination by the Managers of whether or not to effect the purchase or sale.

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

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55843; File No. SR-Amex-2004-27]

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of a Proposed Rule Change as Modified by Amendment Nos. 2 and 3 Thereto Relating to the Listing and Trading of Fixed Return Options

June 1, 2007.

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 April 29, 2004, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.