

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.

[FR Doc. 00-32278 Filed 12-18-00; 8:45 am]

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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

investors." The Commission has reviewed each of the issues raised in the Hearing Request and finds that none of the issues warrants ordering a hearing on the application. Set forth below is a summary of each of the arguments made by S&P in support of a hearing and the Commission's findings.

First, S&P states that McGraw-Hill has filed suit against Vanguard concerning the use of S&P indices and trademarks in connection with the issuance of VIPERs ("Litigation"). S&P states that it is not in the public interest for the Commission to grant the requested exemptions when Vanguard's right to issue VIPERs is being challenged in the Litigation. S&P asserts that a potentially chaotic situation could develop if S&P prevails in the Litigation after the Commission allows the issuance of VIPERs.

The Commission has determined that the Litigation is not relevant to the issues the Act requires the Commission to consider in deciding whether to grant or deny the application. The Litigation does not relate to or challenge any of the specific exemptions requested by Vanguard, nor does the Litigation assert any claims under the Act. With respect to any potential detriment that shareholders might suffer if S&P prevails in the Litigation after the issuance of VIPERs, any conclusions that the Commission might reach, even if a hearing were held, would require the Commission to speculate on the outcome of the Litigation and on the possible remedies that would be imposed.

Second, S&P states that it is not in the interests of investors for Vanguard to issue VIPERs when Vanguard appears unable to meet its obligations as set forth in the notice. Specifically, S&P asserts that Vanguard's representatives in the Litigation suggest that VIPERs are simply shares of an additional class of an existing Fund, while the representations in the application indicate that Vanguard will highlight the differences between VIPERs and traditional mutual fund investments. S&P indicates that these contradictory public positions could lead to investor confusion.

The Commission thoroughly considered the issue of potential investor confusion during the review of the application. In the application, Vanguard agrees to a variety of specific measures designed to address this issue. The Commission has determined that S&P has not raised any issue that, if substantiated, would indicate that Vanguard would not meet the obligations set forth in the application. If Vanguard were unable to meet its

obligations, the Commission would take appropriate action.

Third, S&P states that it is not in the interests of investors for the Commission to facilitate an unconventional investment that may never achieve its stated purpose of encouraging short-term traders not to trade in shares of the conventional classes of the Funds. Specifically, S&P states that because Vanguard may charge an administrative fee when shareholders in a conventional class of a Fund exchange shares for VIPERs, the Vanguard proposal may not succeed in drawing short-term traders from conventional classes to exchange-traded classes. S&P also states that a hearing would be appropriate to explore why Vanguard's current and previous prospectuses do not discuss the problems that the application attributes to short-term traders.

The Commission finds that the specific issues raised by S&P are not relevant to the relief requested by Vanguard in the application. In the application, Vanguard represents that any administrative fee assessed on exchanges will comply with rule 11a-3 under the Act, which governs this type of fee. Vanguard has not requested any relief relating to the imposition of this fee. Any disclosure issues in current and prior prospectuses have been addressed previously as necessary during the disclosure review process and are not the subject of the application.

Finally, S&P questions whether the Commission should grant the requested relief from section 24(d) of the Act, which would allow dealers to sell VIPERs to secondary market purchasers unaccompanied by a prospectus, when the Securities Act does not require prospectus delivery. S&P argues that because of the risks of the Litigation and the possible effect of the Litigation on the Funds, the Commission should require Vanguard to deliver prospectuses disclosing information about the Litigation to all VIPERs investors.

The Commission fully considered issues relating to prospectus delivery relief during its review of the application. A condition to the prospectus delivery relief is that the national securities exchange that lists VIPERs will require the delivery of a product description to secondary market purchasers. As stated in the application, the product description must provide, among other things, a plain English overview of the material risks of owning the Fund's shares. The product description also must disclose the actions that would be taken if the

Fund's license with S&P were terminated. In addition, the Commission understands that Vanguard intends to include a description of the Litigation in the product description that will be similar to the disclosure contained in the Fund's prospectus.

On the basis of the foregoing, the Commission finds that S&P has not articulated any material issue of fact or law that is relevant to the Commission's decision whether to grant the requested relief or that has not been considered previously.¹ It therefore appears that a hearing is not necessary or appropriate in the public interest or for the protection of investors.

Accordingly,

It Is Ordered that the request for a hearing is denied.

The matter having been considered, it is found, on the basis of the information set forth in the application, as amended, that granting the requested exemptions is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

It is further found that the terms of the proposed transactions are fair and reasonable and do not involve overreaching on the part of any person concerned, and that the proposed transactions are consistent with the policy of each registered investment company concerned and the general purposes of the Act.

Accordingly,

It Is Further Ordered, that the requested exemptions under section 6(c) of the Act 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 from sections 17(a)(1) and (2), are granted, effective immediately, subject to the conditions contained in the application, as amended.

The exemption from section 24(d) of the Act does not affect a purchaser's rights under the civil liability and anti-fraud provisions of the Securities Act. Thus, rights under section 11 and section 12(a)(2) of the Securities Act extend to all purchasers who can trace their securities to a registration statement filed with the Commission, regardless of whether they were delivered a prospectus in connection with their purchase.

¹ The Commission does not deem it necessary to make a formal determination with respect to the status of S&P as an "interested person" within the meaning of section 40(a) of the Act and rule 0-5(c) under the Act inasmuch as the Commission has determined that the assertions made and the issues raised in connection with the application do not warrant a hearing.

By the Commission.

Jonathan G. Katz,
Secretary.

[FR Doc. 00-32208 Filed 12-18-00; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice 3512]

Bureau of Nonproliferation; Determination Under the Arms Export Control Act

AGENCY: Department of State.

ACTION: Notice.

Pursuant to section 654(c) of the Foreign Assistance Act of 1961, as amended, notice is hereby given that the Department of State has made a determination pursuant to Section 73 of the Arms Export Control Act. The Department has concluded that publication of the determination would be harmful to the national security of the United States.

Dated: December 4, 2000.

Robert J. Einhorn,

*Assistant Secretary of State for
Nonproliferation.*

[FR Doc. 00-32311 Filed 12-18-00; 8:45 am]

BILLING CODE 4710-25-P

DEPARTMENT OF STATE

[Public Notice 3513]

Bureau of Nonproliferation; Imposition of Missile Proliferation Sanctions Against Entities in Iran

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: A determination has been made that entities in Iran have engaged in missile technology proliferation activities that require imposition of sanctions pursuant to the Arms Export Control Act, as amended, and the Export Administration Act of 1979, as amended (as carried out under Executive Order 12924 of August 19, 1994).

EFFECTIVE DATE: November 17, 2000.

FOR FURTHER INFORMATION CONTACT:

Vann H. Van Diepen, Office of Chemical, Biological and Missile Nonproliferation, Bureau of Nonproliferation, Department of State (202-647-1142).

SUPPLEMENTARY INFORMATION: Pursuant to section 73(a)(1) of the Arms Export Control Act (22 U.S.C. 2797b(a)(1)); section 11B(b)(1) of the Export Administration Act of 1979 (50 U.S.C. app. 2401b(b)(1)), as carried out under

Executive Order 12924 of August 19, 1994 (hereinafter cited as the "Export Administration Act of 1979"); and Executive Order 12851 of June 11, 1993; a determination was made on November 17, 2000, that the following foreign persons have engaged in missile technology proliferation activities that require the imposition of the sanctions described in section 73(a)(2)(B) of the Arms Export Control Act (22 U.S.C. 2797b(a)(2)(B)) and Section 11B(b)(1)(B)(ii) of the Export Administration Act of 1979 (50 U.S.C. app. 2410b(b)(1)(B)(ii) on the following entities:

1. Shahid Hemmat Industrial Group (SHIG) (Iran) and its sub-units and successors; and

2. SANAM Industrial Group (Iran) and its sub-units and successors.

Accordingly, the following sanctions are being imposed on these entities:

(A) new individual licenses for exports to the entities described above of items controlled pursuant to the Export Administration Act of 1979 will be denied for two years;

(B) new licenses for export to the entities described above of items controlled pursuant to the Arms Export Control Act will be denied for two years; and

(C) no new United States Government contracts involving the entities described above will be entered into for two years.

With respect to items controlled pursuant to the Export Administration Act of 1979, the export sanction only applies to exports made pursuant to individual export licenses.

These measures shall be implemented by the responsible agencies as provided in Executive Order 12851 of June 11, 1993.

Dated: December 4, 2000.

Robert J. Einhorn,

*Assistant Secretary of State for
Nonproliferation.*

[FR Doc. 00-32312 Filed 12-18-00; 8:45 am]

BILLING CODE 4710-25-P

DEPARTMENT OF STATE

[Public Notice 3514]

Bureau of Nonproliferation; Lifting of Nonproliferation Measures Against Two Russian Entities

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: A determination has been made, pursuant to section 6 of Executive Order 12938 of November 14, 1994, as amended by Executive Order 13094 of

July 28, 1998, to remove nonproliferation measures on two Russian entities.

EFFECTIVE DATE: November 17, 2000.

FOR FURTHER INFORMATION CONTACT: On general issues: Vann H. Van Diepen, Office of Chemical, Biological and Missile Nonproliferation, Bureau of Nonproliferation, Department of State, (202-647-1142). On import ban issues: Office of Foreign Assets Control, Department of the Treasury, (202-622-2500). On U.S. Government procurement ban issues: Gladys Gines, Office of the Procurement Executive, Department of State, (703-516-1691).

SUPPLEMENTARY INFORMATION: Pursuant to the authorities vested in the President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) ("IEEPA"), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), the Arms Export Control Act (22 U.S.C. 2751 *et seq.*), and section 301 of title 3, United States Code, and Section 6 of Executive Order 12938 of November 14, 1994, as amended, a determination was made on November 17, 2000, that it is in the foreign policy and national security interests of the United States to remove the restrictions imposed July 30, 1998, on the following Russian entities, their sub-units and successors, pursuant to Sections 4(b), 4(c), and 4(d) of the Executive Order: INOR Scientific Institute; and Polyus Scientific Production Association.

Dated: December 4, 2000.

Robert J. Einhorn,

*Assistant Secretary of State for
Nonproliferation.*

[FR Doc. 00-32313 Filed 12-18-00; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice Number 3495]

United States International Telecommunication Advisory Committee (ITAC)— Telecommunication Standardization Sector (ITAC-T); National Committee and U.S. Study Groups A, B, and D; Notice of Meetings

The Department of State announces meetings of the U.S. International Telecommunication Advisory Committee (ITAC), ITAC—Telecommunication Standardization (ITAC-T) National Committee, and U.S. Study Groups A, B, and D. The purpose of the Committees is to advise the Department on policy and technical issues with respect to the International