The cost impact figures discussed above are based on assumptions that no operator has yet accomplished any of the proposed requirements of this AD action, and that no operator would accomplish those actions in the future if this proposed AD were not adopted. The cost impact figures discussed in AD rulemaking actions represent only the time necessary to perform the specific actions actually required by the AD. These figures typically do not include incidental costs, such as the time required to gain access and close up, planning time, or time necessitated by other administrative actions.

Regulatory Impact

The regulations proposed herein would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, it is determined that this proposal would not have federalism implications under Executive Order 13132.

For the reasons discussed above, I certify that this proposed regulation (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in he Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by adding the following new airworthiness directive:

Construcciones Aeronauticas, S.A. (CASA): Docket 2000–NM–262–AD.

Applicability: Model CN–235 series airplanes, serial numbers C001 to C074, certificated in any category.

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (c) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent fatigue of the engine control system cables, which could lead to breakage of the engine control cables, which could result in reduced controllability of the airplane, accomplish the following:

Modification

(a) Within 15 days after the effective date of this AD: Rig the power lever and condition lever control stops, in accordance with CASA COM 235–140, Revision 01, dated March 21, 2000.

Replacement

(b) Prior to the accumulation of 12,000 total flight cycles or within 6 months after the effective date of this AD, whichever occurs later: Replace either the entire engine control cable assembly (part number 7–44728–12) with a new assembly or replace a segment of the control cable (part number 72830–20) with a new segment, in accordance with CASA COM 235–140, Revision 01, dated March 21, 2000.

Alternative Methods of Compliance

(c) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, International Branch, ANM–116.

Note 2: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the International Branch, ANM–116.

Special Flight Permits

(d) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Note 3: The subject of this AD is addressed in Spanish airworthiness directive 03/00, dated March 2000.

Issued in Renton, Washington, on March 12, 2001.

Vi L. Lipski,

Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 01–6647 Filed 3–16–01; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 2000–NM–267–AD]

RIN 2120–AA64

Airworthiness Directives; Airbus Model A300 B2, A300 B4, A310, A319, A320, A321, A330, and A340 Series Airplanes; and Model A300 B4–600, A300 B4–600R, and A300 F4–600R (Collectively Called A300–600) Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes to supersede an existing airworthiness directive (AD), applicable to all Airbus Model A300 B2, A300 B4, A310, A330, and A340 series airplanes; all Model A300 B4–600, A300 B4–600R, and A300 F4–600R (collectively called A300–600) series airplanes; and all A319, A320, A321 series airplanes. That AD requires repetitive checks of the alternate braking system, and replacement of the braking dual distribution valve (BDDV) if necessary. This action would require, for certain airplanes, inspecting and/or replacing the BDDV cover with an improved cover. For all other airplanes, this action would provide for optional termination of the repetitive checks. This action would also revise the applicability of the existing AD. This proposal is prompted by issuance of mandatory continuing airworthiness information by a foreign civil airworthiness authority. The actions specified by the proposed AD are intended to prevent failure of the alternate braking system, which could result in the airplane overrunning the end of the runway during landing.

DATES: Comments must be received by April 18, 2001.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM–114, Attention: Rules Docket No. 2000–NM–267–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056.

Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays. Comments may be submitted via fax to (425) 227–1232. Comments may also be sent via the Internet using the following address: 9-anm-nprmcomment@faa.gov. Comments sent via fax or the Internet must contain ''Docket No. 2000–NM–267–AD'' in the subject line and need not be submitted in triplicate. Comments sent via the Internet as attached electronic files must be formatted in Microsoft Word 97 for Windows or ASCII text.

The service information referenced in the proposed rule may be obtained from Airbus Industrie, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France. This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington.

FOR FURTHER INFORMATION CONTACT: Dan Rodina, Aerospace Engineer, International Branch, ANM–116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055–4056; telephone (425) 227–2125; fax (425) 227–1149.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications shall identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this action may be changed in light of the comments received.

Submit comments using the following format:

- Organize comments issue-by-issue. For example, discuss a request to change the compliance time and a request to change the service bulletin reference as two separate issues.
- For each issue, state what specific change to the proposed AD is being requested.
- Include justification (*e.g.,* reasons or data) for each request.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this action must submit a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket No. 2000–NM–267–AD.'' The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, Transport Airplane Directorate, ANM–114, Attention: Rules Docket 2000–NM–267–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056.

Discussion

On July 22, 1998, the FAA issued AD 98–15–51, amendment 39–10678 (63 FR 40805, July 31, 1998), applicable to all Airbus Model A319, A320, A321, A300, A310, A300–600, A330, and A340 series airplanes. That AD requires repetitive in-flight operational checks of the alternate braking system, and replacement of the braking dual distribution valve (BDDV) with a serviceable part, if necessary. That action was prompted by issuance of mandatory continuing airworthiness information by a foreign civil airworthiness authority. The requirements of that AD are intended to prevent failure of the alternate braking system, which could result in the airplane overrunning the end of the runway during landing.

Actions Since Issuance of Previous Rule

In the preamble to AD 98–15–51, the FAA specified that the actions required by that AD were considered ''interim action,'' and indicated that it may consider further rulemaking action. The manufacturer has identified the more exposed location of the BDDV on Model A319, A320, and A321 series airplanes as a major contributing factor to water ingress in the BDDV cover. The manufacturer has developed a modification that will positively address the unsafe condition for those airplanes. The FAA has determined that further rulemaking action is indeed necessary; this proposed AD follows from that determination.

Explanation of Relevant Service Information

Airbus has issued All Operators Telex (AOT) 32–19, Revision 04, dated April 29, 1999. The original version of the AOT was cited as the appropriate source of service information for doing the operational checks required by AD 98–15–51. Revision 04 was issued to provide operators with certain updated information; the accomplishment instructions remain essentially unchanged.

Airbus has issued the following service bulletins for Model A319, A320, and A321 series airplanes:

Service bulletin	Date	Actions	Purpose
A320–32–1199	1/15/99	Repetitive detailed visual inspections to detect corrosion of the rocker arm mechanism inside the BDDV cover.	To prevent seizure of the BDDV rocker arm mechanism on airplanes modified per Airbus Service Bulletin A320–32–1200 (production Modification 27833).
A320–32–1200	9/17/98	Modification of the BDDV, including drilling a drain hole in the cover and lubricating all the parts.	To prevent water accumulation in the cover and consequent jamming of the rocker arm mechanism under freezing conditions. To avoid corrosion from water condensation. To eliminate the need for repetitive checks (currently required on a weekly basis by AD 98–15–51).
A320–32–1203	6/4/99	Replacement of the BDDV cover with a new cover that includes a bonded seal, new attachment parts, and a transparent drain hose.	To improve the waterproofing of and detection of water in the BDDV cover. To provide a permanent solution for water accumulation in airplanes modified per Service Bulletin A320–32–1200 (production Modification 27833). To eliminate the need for the repetitive checks, the modification specified by Service Bulletin A320–32–1200, and the repetitive inspections specified by Service Bulletin A320–32–1199.

Accomplishment of the actions specified in the AOT and Service Bulletins A320–32–1199 and A320–32–1203 is intended to adequately address the identified unsafe condition. The Direction Générale de l'. Aviation Civile (DGAC), which is the airworthiness authority for France, classified these two service bulletins as mandatory. The DGAC issued French airworthiness directive 2000–258–146(B), dated June 14, 2000, to mandate the terminating action for Model A319, A320, and A321 series airplanes in France.

Airbus has issued additional service bulletins that describe procedures to modify the emergency BDDV. The modification involves replacing the BDDV cover with a new, improved cover, which includes a bonded seal, new attachment parts, and a transparent drain hose. This modification, if accomplished, would eliminate the need for the repetitive checks. The service bulletins are identified as follows:

Model/series	Service bulletin	Revision level	Date
A300 B2 and B4	A300–32–0429	Original	September 2, 1999.
A300–600	A300–32–6075	Original	September 2, 1999.
A310	A310–32–2113	Original	September 2, 1999.
A330	A330–32–3086	01	June 30, 1999.
A340	A340–32–4122	Original	May 21, 1999.

FAA's Conclusions

These airplanes are manufactured in France and are type certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, the DGAC has kept the FAA informed of the situation described above. The FAA has examined the findings of the DGAC, reviewed all available information, and determined that AD action is necessary for products of this type design that are certificated for operation in the United States.

Explanation of Requirements of Proposed Rule

Since an unsafe condition has been identified that is likely to exist or develop on other airplanes of the same type design registered in the United States, the proposed AD would supersede AD 98–15–51 to continue to require repetitive in-flight operational checks of the alternate braking system, and replacement of the BDDV with a serviceable part if necessary. In addition, this action would:

- Require repetitive inspections to detect corrosion of the rocker arm mechanism inside the BDDV cover, and corrective actions if necessary, for Model A319, A320, and A321 series airplanes modified per Service Bulletin A320–32–1200.
- Require the eventual replacement of the BDDV cover with a new, improved cover for all Model A319, A320, and A321 series airplanes, which would terminate the requirements of the AD for those airplanes.
- Provide for optional terminating action for the repetitive operational checks.
- Remove airplanes from the applicability of the existing AD.

The actions would be required to be accomplished in accordance with the service bulletins described previously.

Operators should note that Service Bulletins A300–32–0429, A300–32–6075, A310–32–2113, A320–32–1203, A330–32–3086, and A340–32–4122 recommend subsequent repetitive inspections at each ''4A check'' to detect water inside the drain tube. However, to be consistent with the recommendations of the DGAC, this AD does not specify a 4A-check inspection, which is a task included in the airplane maintenance planning document.

Clarification of Model Designation

Since the issuance of AD 98–15–51, the FAA has changed the manner in which it identifies the airplane models referred to as Airbus Model ''A300 series airplanes'' and ''A300–600 series airplanes'' to reflect the model designation specified on the type certificate data sheet. This proposed AD specifies the appropriate model designations for those airplanes.

Cost Impact

There are approximately 367 airplanes of U.S. registry that would be affected by this proposed AD. Of these, approximately 311 are Model A319, A320, and A321 series airplanes.

The repetitive operational checks that are currently required by AD 98–15–51 and retained in this AD take approximately 1 work hour per airplane to accomplish, at an average labor rate of $60 per work hour. Based on these figures, the cost impact of the currently required repetitive checks is estimated to be $60 per airplane, per check.

The new inspection that is proposed in this AD action for certain Model A319, A320, and A321 series airplanes would take approximately 1 work hour per airplane to accomplish, at an average labor rate of $60 per work hour. Based on these figures, the cost impact of the new inspection proposed by this AD is estimated to be $60 per airplane, per inspection cycle.

The new BDDV cover replacement that is proposed in this AD action for Model A319, A320, and A321 series airplanes would take approximately 3 work hours per airplane to accomplish, at an average labor rate of $60 per work hour. Required parts would be provided by the manufacturer at no cost to operators. Based on these figures, the cost impact of the proposed replacement on U.S. operators is estimated to be $55,980, or $180 per airplane.

The cost impact figures discussed above are based on assumptions that no operator has yet accomplished any of the current or proposed requirements of this AD action, and that no operator would accomplish those actions in the future if this AD were not adopted. The cost impact figures discussed in AD rulemaking actions represent only the time necessary to perform the specific actions actually required by the AD. These figures typically do not include incidental costs, such as the time required to gain access and close up, planning time, or time necessitated by other administrative actions.

Regulatory Impact

The regulations proposed herein would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, it is determined that this proposal would not have federalism implications under Executive Order 13132.

For the reasons discussed above, I certify that this proposed regulation (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if

promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES.**

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by removing amendment 39–10678 (63 FR 40805, July 31, 1998), and by adding a new airworthiness directive (AD), to read as follows:

Airbus Industrie: Docket 2000–NM–267–AD. Supersedes AD 98–15–51, Amendment 39–10678.

Applicability: The following airplanes, certificated in any category, identified in Table 1 of this AD:

TABLE 1.—APPLICABILITY

Model/series	Airplanes affected
A300 B2 and A300 B4.	All.
A300 B4–600, A300 B4–600R, and A300 F4–600R (collectively called A300–600).	All.
A310	All.
A319, A320, and A321.	Those on which Airbus Modification 28301 (reference Airbus Service Bulletin A320–32–1203) has not been accomplished.
A330	All.
A340	All.

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been otherwise modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (g)(1) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent failure of the alternate braking system, which could result in the airplane overrunning the end of the runway during landing, accomplish the following:

Repetitive Checks

(a) At the earlier of the times specified in paragraphs (a)(1) and (a)(2) of this AD: Perform an in-flight operational check of the alternate braking system, in accordance with Airbus All Operator Telex (AOT) 32–19, Revision 04, dated April 29, 1999.

(1) For Model A319, A320, and A321 series airplanes: Perform the check at the earlier of the times specified by paragraphs (a)(1)(i) and (a)(1)(ii) of this AD. Thereafter, repeat the operational checks at intervals not to exceed 7 days.

(i) Within 7 days after the most recent check done per AD 98–15–51, amendment 39–10678.

(ii) Within 7 days after the effective date of this AD.

(2) For all other airplanes: Perform the check at the earlier of the times specified in paragraphs (a)(2)(i) and (a)(2)(ii). Thereafter, repeat the operational checks at intervals not to exceed 500 flight hours.

(i) Within 500 flight hours after the most recent operational check done per AD 98–15–51.

(ii) Within 500 flight hours after the effective date of this AD.

(b) If any discrepancy is found during any operational check required by paragraph (a) of this AD: Prior to further flight, replace the brake dual distribution valve (BDDV) with a serviceable part, in accordance with AOT 32–19, Revision 04, dated April 29, 1999.

Note 2: The AOT refers to the following Flight Operation Telexes (FOT) as additional sources of service information: FOT 999.0062, Revision 01, dated August 20, 1998 (for Model A300 series airplanes), FOT 999.0061, Revision 01, dated August 20, 1998 (for Model A300–600 and A310 series airplanes), FOT 999.0059, Revision 02, dated September 2, 1998 (for Model A319, A320, and A321 series airplanes), and FOT 999.0060, Revision 01, dated August 20, 1998 (for Model A330 and A340 series airplanes).

Note 3: Doing the operational checks and replacing the BDDV per earlier versions of Airbus AOT 32–19 (issued prior to Revision 04) are also acceptable for compliance with the applicable requirements of paragraphs (a) and (b) of this AD.

Repetitive Inspections for Certain Airplanes

(c) For Model A319, A320, and A321 series airplanes modified per Airbus Service Bulletin A320–32–1200 (production Modification 27833): Within 6 months after accomplishment of the modification, or within 3 months after the effective date of this AD, whichever occurs later, perform a detailed visual inspection to detect corrosion of the rocker arm mechanism inside the BDDV cover, per Airbus Service Bulletin A320–32–1199, dated January 15, 1999. Repeat the inspection thereafter at least every 6 months until the actions required by paragraph (e) or (f), as applicable, of this AD have been accomplished. If any corrosion is detected during any inspection required by this paragraph: Before further flight, replace the BDDV cover with a new cover per Airbus Service Bulletin A320–32–1199, dated January 15, 1999.

Note 4: For the purposes of this AD, a detailed visual inspection is defined as: ''An intensive visual examination of a specific structural area, system, installation, or assembly to detect damage, failure, or irregularity. Available lighting is normally supplemented with a direct source of good lighting at intensity deemed appropriate by the inspector. Inspection aids such as mirror, magnifying lenses, etc., may be used. Surface cleaning and elaborate access procedures may be required.''

Optional Terminating Action for Operational Checks

(d) Modification of the BDDV, if accomplished, per the applicable service bulletin listed in Table 2 of this AD cancels the operational checks required by paragraph (a) of this AD. Table 2 follows:

TABLE 2.—SERVICE BULLETINS FOR OPTIONAL TERMINATING ACTION

For model	Modification of the BDDV per airbus service bulletin	Cancels
A300 B2 and B4 series airplanes	A300–32–0429	The operational checks required by paragraph (a) of this AD.

TABLE 2.—SERVICE BULLETINS FOR OPTIONAL TERMINATING ACTION—Continued

For model	Modification of the BDDV per airbus service bulletin	Cancels
A300–600 series airplanes	A300–32–6075.	
A310 series airplanes	A310–32–2113.	
A319, A320, and A320 series airplanes	A320–32–1200.	
A330 series airplanes	A330–32–3086.	
A340 series airplanes	A340–32–4122.	

Required Terminating Action for Repetitive Inspections for Certain Airplanes

(e) Except as provided by paragraph (f) of this AD: For Model A319, A320, and A321 series airplanes, within 12 months after the effective date of this AD, replace the BDDV cover with a new, improved cover, per Airbus Service Bulletin A320–32–1203, dated June 4, 1999. This replacement terminates the requirements of this AD for these airplanes.

(f) For Model A319, A320, and A321 series airplanes modified per Airbus Service Bulletin A320–32–1200 within the compliance time specified by paragraph (e) of this AD: Do the replacement required by paragraph (e) of this AD within 15 months after doing the modification specified by Airbus Service Bulletin A320–32–1200, or within 2 months after the effective date of this AD, whichever occurs later. This replacement terminates the requirements of this AD for these airplanes.

Alternative Methods of Compliance

(g)(1) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, International Branch, ANM–116.

(2) Alternative methods of compliance, approved previously in accordance with AD 98–15–51, amendment 39–10678, are approved as alternative methods of compliance with the applicable requirements of this AD.

Note 5: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the International Branch, ANM–116.

Special Flight Permits

(h) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Note 6: The subject of this AD is addressed in French airworthiness directive 2000–258–146(B), dated June 14, 2000.

Issued in Renton, Washington, on March 12, 2001.

Vi L. Lipski,

Manager, Transport Airplane Directorate,, Aircraft Certification Service.

[FR Doc. 01–6648 Filed 3–16–01; 8:45 am]

BILLING CODE 4910–13–U

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 270 and 275

[Release No. IC–24890; IA–1932; File No. S7–06–01]

RIN 3235–AI05

Electronic Recordkeeping by Investment Companies and Investment Advisers

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission is proposing for public comment amendments to revise rules under the Investment Company Act of 1940 and the Investment Advisers Act of 1940 that permit registered investment companies and registered investment advisers to preserve required records using electronic storage media such as magnetic disks, tape, and other digital storage media. The proposed amendments would expand the ability of advisers and funds to use electronic storage media to maintain and preserve records. The Commission is proposing these rule amendments in response to the enactment of the Electronic Signatures in Global and National Commerce Act, which encourages federal agencies to accommodate electronic recordkeeping.

DATES: Comments must be received on or before April 19, 2001.

ADDRESSES: Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549–0609. Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. All comment letters should refer to File No. S7–06–01; this file number should be included on the subject line if E-mail is used. Comment letters will be available for public inspection and copying in the Commission's Public Reference Room, 450 5th Street, NW., Washington, DC. Electronically submitted comment letters also will be posted on the Commission's Internet web site (http://www.sec.gov).[1]

FOR FURTHER INFORMATION CONTACT: William C. Middlebrooks, Jr., Attorney, or Martha B. Peterson, Special Counsel, Office of Regulatory Policy, (202) 942–0690, Division of Investment Management, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549–0506.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission (''Commission'') today is requesting public comment on proposed amendments to rule 31a–2 [17 CFR 270.31a–2] under the Investment Company Act of 1940 [15 U.S.C. 80a] (the ''Investment Company Act''), and rule 204–2 [17 CFR 275.204–2] under the Investment Advisers Act of 1940 [15 U.S.C. 80b] (the ''Advisers Act'').[2]

Executive Summary

The federal securities laws require registered investment companies (''funds''), registered investment advisers (''advisers''), and others to make and keep books and records. The recordkeeping requirements are a key part of the Commission's investment company and investment adviser regulatory program because they allow us to monitor the operations of funds and advisers and to evaluate their compliance with the federal securities laws.

Last year, Congress passed the Electronic Signatures in Global and National Commerce Act (''Electronic Signatures Act,'' ''Act,'' or ''ESIGN'') to

[1] We do not edit personal, identifying information, such as names or E-mail addresses, from electronic submissions. Submit only information you wish to make publicly available.

[2] Unless otherwise noted, all references to rule 31a–2 or rule 204–2, or to any paragraph of those rules, will be to 17 CFR 270.31a–2 and 17 CFR 275.204–2, respectively.